

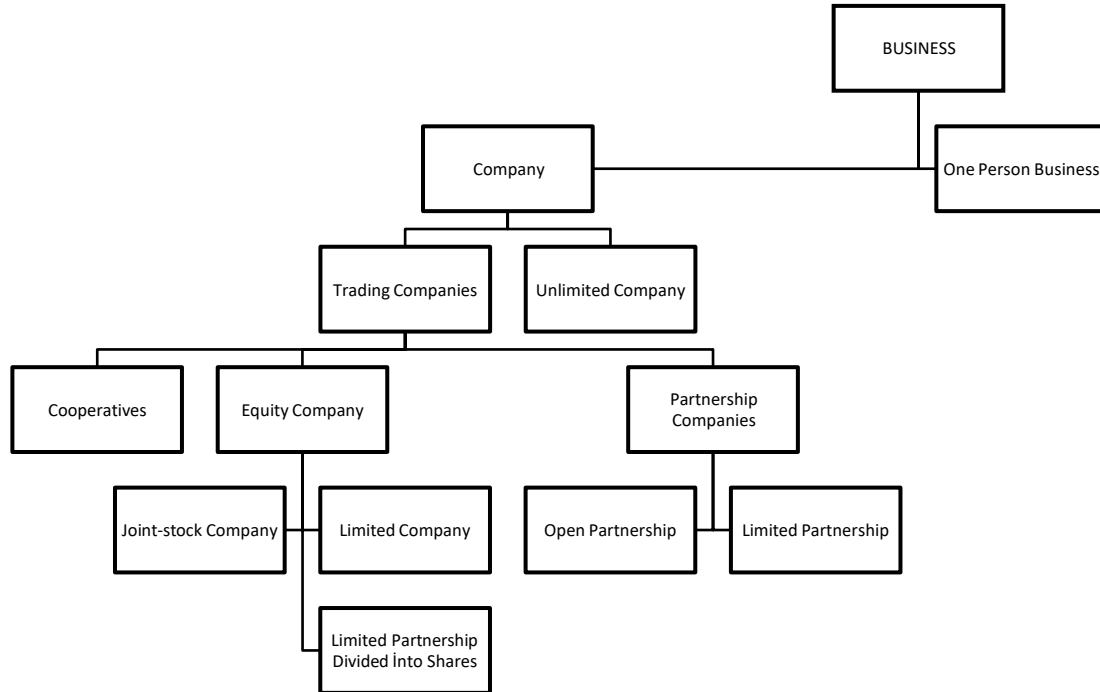


# COMPANY INCORPORATION IN TURKEY

*now it's time to  
be global.*



## TYPES OF COMPANIES IN TURKEY



### A) PARTNERSHIP COMPANIES UNDER THE TURKISH COMMERCIAL CODE

- Collective and commandite companies are partnership companies.
- It has a legal personality.
- There are no restrictions on capital at least.
- Personal labour and business reputation can be put as capital.
- It is less expensive and quick to set up, close.
- Share transfer is difficult. (approval / unanimous)

### B) OPEN PARTNERSHIP COMPANY

- A collective company is established between real persons to operate a commercial enterprise under a trade name. Legal entities cannot be partners.
- The liability of any of its partners is not limited to the company's creditors. Unlimited liability exists, that is, he is responsible for all his assets. Otherwise, the terms entered the contract are invalid.

- The company contract is subject to written form. The company contract must be signed and registered at the trade registry office.
- No minimum capital is envisaged. Anything of economic value can be put as capital.
- Each of the partners has the right and duty to manage the company separately.
- Management work can be given to one of the partners and several of them under a company contract.

### **C) LIMITED PARTNERSHIP (COMMANDITE) COMPANY**

- In this type of company, the liability of part of the partners is limited and the liability of part is unlimited.
- Commandite company is established with at least two people. One of the partners will be a commandite and the other a commandite partner.
- Commandite companies, whose capital is divided into shares, are more characteristic of capital companies. It must have at least five partners. (At least one of the commandite) bodies belong to the General Assembly and the management (management and representation of the commandite partner)

### **D) EQUITY COMPANIES**

- Joint stock, limited and commandite companies, whose capital is divided into shares, are equity companies.
- Its partners may be natural or legal persons.
- Share transfer is much easier than individual companies, not all partners need consent.

### **E) JOINT-STOCK COMPANY**

- A joint stock company can be defined as a capital company that is only responsible for its assets because of its debts, whose capital is divided into certain and shares.
- In this type of company, shareholders are only liable to and against the company for the capital shares they have committed.
- The partner paying the capital debt is not responsible for public debts.

## F) LIMITED COMPANY

- Established by one or more natural or legal persons with a specific capital shareholder are responsible for the company's debts in the proportion of capital they commit.
- Company partners may be held responsible for public debts that cannot or cannot be collected from the company to the extent of capital share ratios in the company.

## MAJOR SIMILARITY AND DIFFERENCES OF JOINT-STOCK COMPANY AND LIMITED COMPANIES

	<u>LIMITED COMPANY</u>	<u>JOINT-STOCK COMPANY</u>
MIN-MAX NUMBER OF SHAREHOLDERS	It can be established with a single person. The number of partners cannot exceed 50.	It can be established with a single person. There is no limit to the number of partners.
CAPITAL	It can be established with a minimum capital of 10,000-TL. Capital in kind may be added.	It can be established with a minimum principal capital of 50,000-TL and a registered capital of 100,000 TL. Capital in kind may be added.
MANDATORY STRUCTURES	1- General Assembly 2- Manager / Board of Managers	1- General Assembly 2- Board of Management

<p><b>GENERAL ASSEMBLY OBLIGATION</b></p>	<p>Limited companies are obliged to hold their ordinary meetings within 3 months after the end of the accounting period every year.</p>	<p>Ordinary general assembly meetings are held within 3 months from the end of each activity period.</p>
<p><b>OBLIGATION TO HAVE A MINISTRY REPRESENTATIVE</b></p>	<p>Regardless of the agenda, there is no obligation to have a "Ministry Representative".</p>	<p>In accordance with the regulation published by the Ministry of Customs and Trade, a ministry representative must be present in some general assembly meetings. (In general assemblies with agendas such as capital decrease, capital increase, merger, division.)</p>
<p><b>OBLIGATION OF ATTORNEY</b></p>	<p>Limited companies do not have to have a lawyer.</p>	<p>Companies with a basic capital of 250,000 TL and above must work with a lawyer.</p>
<p><b>PERIOD OF SIGNATURE CIRCUITS</b></p>	<p>Since there is no regulation in the TCC regarding the term of office of the director, there is no need to renew the signature circular from the notary every 3 years.</p>	<p>Signature circulars are issued for a limited period of 3 years. Requires renewal after 3 years.</p>





<p style="text-align: center;"><b>SEPARATION OF FUNDAMENTAL CAPITAL INTO GROUPS AND PREFERENCE</b></p>	<p>Although it is possible to divide basic capital shares into groups, they do not have a function like in a joint stock company.</p>	<p>By dividing the shares representing the capital into groups such as (A), (B) and (C), some shares or groups of shares can be granted a superior right and privilege in rights such as voting, representation, board members, dividends, liquidation shares. For this reason, it is recommended that companies that are considering investing should be structured as joint stock companies.</p>
<p style="text-align: center;"><b>SHARE CERTIFICATE</b></p>	<ul style="list-style-type: none"> <li>✓ Share certificates can be issued in written form.</li> <li>✓ Even if the limited company has a share certificate, the provision in the 595 of the TCC regarding the transfer of shares will apply.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Share certificates can be registered and bearer.</li> <li>✓ As it is possible to transfer the shares with turnover and delivery, they are in the nature of a security.</li> </ul>



<b>ASSIGNMENT OF SHARE</b>	<p>For the transfer of the share:</p> <ul style="list-style-type: none"> <li>✓ Written and notarized share transfer agreement</li> <li>✓ Approval of the share transfer by the general assembly of the company</li> <li>✓ Registration of the transfer of shares to the trade registry</li> <li>✓ Recording the transfer of shares in the company's share register</li> </ul> <p>is required.</p>	<p>If the share is not printed:</p> <ul style="list-style-type: none"> <li>✓ Written share transfer agreement (no notarization)</li> <li>✓ Taking the decision of the board of directors regarding the approval of the share transfer</li> <li>✓ Recording of the transfer in the share ledger</li> </ul> <p>If the share year has been printed:</p> <ul style="list-style-type: none"> <li>✓ Turnover + delivery of the bill</li> <li>✓ Taking the decision of the board of directors regarding the approval of the share transfer</li> <li>✓ Recording the transfer in the share ledger</li> </ul> <p>No notary certification and registration!</p>
<b>TAX ADVANTAGES</b>	<p>Regardless of how many years the company shares have been retained or not, the earnings obtained are subject to income tax for real persons, and corporate tax for legal entities.</p> <p><b>EXEMPTION IS OUT OF THE QUESTION!</b></p>	<p>There are tax advantages in the presence of certain conditions:</p> <ul style="list-style-type: none"> <li>✓ The stock certificate must have been printed.</li> <li>✓ Possession for more than 2 years</li> <li>✓ If it is a real person, its sales earnings are exemption from income tax, and 75% of the legal person is exemption from corporate tax.</li> </ul>



<p style="text-align: center;"><b>PARTNERS /MANAGERS LIABILITY FOR PUBLIC DEBTS</b></p>	<p>Company partners may be held responsible for public debts that cannot or cannot be collected from a limited company and directors to the extent of capital share ratios in the company.</p>	<ul style="list-style-type: none"> <li>✓ "SINGLE DEBT PRINCIPLE" in terms of partner.</li> <li>✓ The company's board of directors is responsible for unpaid taxes, SSI and other public debts.</li> </ul> <p>Partners are only responsible for paying their capital commitment debts to the company The partner paying the capital debt has no liability for public debts.</p>
<p style="text-align: center;"><b>EASE OF DECISION MAKING</b></p>	<ul style="list-style-type: none"> <li>✓ Decisions of the board of directors and the General Assembly can be taken without a meeting.</li> <li>✓ A decision can be made quickly, without wasting time and without getting stuck in procedures.</li> </ul>	<p>A decision can only be made without meeting the board of directors through hand-to-hand circulation.</p>



### JOINT STOCK COMPANY OR LIMITED COMPANY?

We propose to be structured as a joint stock company due to

- ✓ *Tax exemptions on share sales*
- ✓ *Limited liability in the face of public debt and*
- ✓ *Flexible share structure*







# THANK YOU

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