

# All About Incorporation a New Company in Turkey

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# About Istanbul Accountants Co.

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Istanbul Accountants Co. is a long-established 6-partner firm of Chartered Accountants, based in Istanbul / Turkey. Official registered Turkish Company's name of Istanbul Accountants Co. is "Okan Bagimsiz Denetim Yeminli Mali Musavirlik Anonim Sirketi". We act as accountants, auditors, tax advisers and business consultants to Istanbul and overseas - based individuals and organizations, engaged in almost every type of business and vocation. Our clients include many based in the UK, US, Canada, EU, East Asia.

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 [istanbul@istanbul-accountants.com](mailto:istanbul@istanbul-accountants.com).

You will not be charged for the initial discussion and we also offer a free meeting.



**Murat Okan**

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# Deciding Form of The Company and Capital

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There are 2 applicable forms of Companies in Turkey;

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

LLC minimum main capital requirement is 10.000 Turkish Lira.

JS minimum main capital requirement is 50.000 Turkish Lira.

We assure you that one of 2 types of these company forms is enough to operate a business in Turkey but there are following major advantages of JS;

- **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. LLC shareholders are not responsible individually for company’s debt about trade relations but responsible for debts of state offices of the company **individually** in any case.
- **Work load;** There are always more procedures, paper work and transaction tax during operating LLC unlike JS.
- **Image;** It is easier to do business with Turkish State Offices (taking tenders, auctions announced by state offices etc.) with JS. JS generally is seen more serious, bigger and prestigiously by Turkish corporates and people.

We think it is ideal to start a small or medium size business in Turkey with JS and with minimum 100.000 Turkish Lira main capital. There is no difference of costs between 2 forms during setting up.

# Shareholder Structures and Directors

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- One company shareholder or one individual 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

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- 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 necessary for shareholders who are not a director. For directors work permit is not necessary either who don't residence in Turkey more than 180 days in a year and don't work physically for the company with an employment contract.
- Work permit is necessary for foreigner employees who are work for a Turkish company with an employment contract, foreigner directors who residence in Turkey more than 180 days in a year and work physically for a Turkish company.

# Necessary Documents - Provided by Shareholders

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

- A passport copy
- A passport type photo

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

- Corporate resolution about opening a subsidiary in Turkey
- Certificate of Incorporation
- Certificate of Good standing
- Articles of Incorporation



# Necessary Documents - Provided by Istanbul Accountants Co. (“IAC”)

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- Draft of a Power of Attorney which authorizes Istanbul Accountants Co. to incorporate a company in Turkey on behalf of shareholders. This document must be notarized and apostilled by source country. If it will be issued in Turkey it must be notarized by Turkish Notary.
- Draft of Articles of Incorporation.
- Draft of Signature Declaration of shareholders for Turkish Trade Registry Office (“TTRO”). This document must be notarized and apostilled by source country. If it will be issued in Turkey it must be notarized by Turkish Notary.
- Application form for TTRO
- Declaration of incorporation for TTRO
- Declaration of registration for TTRO
- Application forms to open a bank account
- Draft of Signature power. This document must be notarized and apostilled by source country. If it will be issued in Turkey it must be notarized by Turkish Notary.
- Application forms to open Tax and Social Security Offices’ account

# Costs of Incorporation a Company in Turkey

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- Costs of incorporation a company include translation, notary, registration, official invoice printing and stationary expenses.
- **Translation expenses:** for the documents which are notarized and apostilled by source country (passports and company shareholder documents, signature proof documents, power of attorney)
- **Turkish notary expenses:** for Articles of Incorporation, Power of Attorneys, Translated Documents, Official Books, Signature proof documents.
- **Registration expenses - transaction taxes:** for registration procedures in Turkish Trade Registry Office,
- **Official Invoice Printing:** Companies cannot print their invoices on an ordinary papers. Invoice pages have to be printed by authorized print offices according to Turkish Tax Method Code.
- **Stationary Expenses:** there are in all steps but cost low.
- If there is a company shareholder(s) that makes increase incorporation translation and notarization expenses highly because of documents' load of company shareholders.

# Visiting, Duration and Outsourcing Issues

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- 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 3-7 days.
- Companies which wants to make import - export transactions must work with an official customs agency.
- Lawyer and HR support is optional for new companies.

# Ending Set Up Process

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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.

# Summary of All Steps of Incorporation a Company in Turkey

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1. Istanbul Accountants Co. ("IAC") provides initial consultancy for free until shareholder(s) decides to incorporate a company in Turkey.
2. Shareholder(s) advises Istanbul Accountants Co. ("IAC") that she/he confirms to work with IAC to incorporate a company in Turkey.
3. Shareholder(s) signs a draft of "Service Agreement" of IAC to incorporate a company in Turkey.
4. IAC sends drafts of necessary documents to shareholder(s) for preparing their part.
5. Shareholder(s) completes necessary documents and send to IAC's address in Istanbul / Turkey.
6. IAC applies to Istanbul Trade Registry Office with necessary documents for trade registration.
7. After Trade Registration is completed, IAC obtains Certificate of Incorporation and sends draft of Signature Power to shareholders, shareholders to sign it and shareholder(s) mail back signed Signature Power to IAC' address.
8. IAC opens bank account and apply tax and social security office with Certificate of Incorporation, Signature Power other necessary documents and forms.
9. IAC makes print official empty invoice pages of the new company after tax and social security office registration.
10. IAC delivers final documents to director(s) of the new company and process ends.

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