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## The Period of the Regulation Stating that Certain Loss Items will not be Considered in the Calculation of Capital Loss and Negative Equity is Extended

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The Communiqué on the Procedures and Principles Regarding Implementation of Article 376 of the Turkish Commercial Code No. 6102 ("**Implementation Communiqué**") was amended on December 26, 2020, and it was regulated that certain loss items will not be considered in the calculations made in terms of capital loss or negative equity until January 1, 2023.

Although the Ministry of Trade indicated in its statements on various occasions that this exception was introduced as a temporary measure intended to protect the economic actors from the impacts of the Covid-19 pandemic, the period specified in Provisional Article 1 of the Implementation Communiqué was first extended until January 1, 2024, and lastly, with the Communiqué Amending the Communiqué on the Procedures and Principles Regarding the Implementation of Article 376 of the Turkish Commercial Code No. 6102 published in the Official Gazette dated October 31, 2023, and numbered 32355, it is stated that the implementation of the exception will continue until January 1, 2025.

Accordingly, joint stock companies, limited liability companies and limited partnerships divided into shares will be able to exclude all the foreign exchange losses, and half of the expenses arising from leases, amortization, and personnel expenses accrued in 2020 and 2021 in the capital loss and negative equity calculation in their balance sheets until the end of the fiscal year 2024.

For more information about the implementation of Article 376 of the Turkish Commercial Code, please refer to our article written following the December 2020 amendments to the Implementation Communiqué, <u>here</u>.