

Amendments within the Context of Law on the Amendment of Certain Laws for the Improvement of the Investment Environment

Wide ranges of studies are being carried out for the improvement of investment environment. As to these studies, a new law called *Law on the Amendment of Certain Laws for the Improvement of the Investment Environment numbered 7099* (the “**Law**”) has been published in the Official Gazette on 10.03.2018 in order to (i) support the investors, (ii) speed up the investment process and establishment process of a company, (iii) reduce the costs and (iv) boost the economy. There have been several changes made with respect to the regulations in Property Law, Law on Municipal Revenues, Customs Law, etc. including the ones that are stated below. These changes shall come into effect as of its publication in the Official Gazette (i.e. 10.03.2018) unless otherwise mentioned below. In this brief note we will particularly mention about the procedural amendments related to investors within the scope of companies:

1. Amendments to the Turkish Commercial Code numbered 6102 (“TCC”)

- Pursuant to the amendments made in article 40/2, every merchant shall submit its business name and signature to be used during the transactions of the company to the relevant Trade Registry. If the merchant is a legal entity, the business name and the signatures of the signatories, which have the authority to sign on behalf of the legal entity, shall also be submitted to the Trade Registry. The signature specimen should be given in the presence of a designated officer of the Trade Registry by submitting a written statement and the procedures and principles as to the implementation of the same shall be regulated under a Communiqué to be issued by the Ministry of Customs and Trade. This amendment abolished the stage of notarization of the business name and the signature before Notary Publics prior to submitting them to the relevant Trade Registry.
- As to the changes made in article 64, during the registration of joint stock companies and limited liability companies, the opening approvals of the company books shall only be issued by directorates of the Trade Registry, so the authority of Notary Publics to carry out the opening approvals of the company books is cancelled. If the company books are kept electronically, there will be no need for the approval of Notary Publics or directorates of Trade Registry in their opening processes and in the closing process of general journal and Board of Directors resolution book.
- Prior to the abolishment of articles 428, 430 and 431, in case the company shall recommend a person, related to the company in any way, in order for the shareholders to appoint as their representatives to vote and carry out other related actions in the general assembly meeting on their behalf, the company should also recommend another person which is totally independent and neutral for the same position and should announce these two persons pursuant to the articles of association and publish in its website. However, in order to remove the additional obligations imposed for the small scale joint stock companies, articles 428, 430 and 431 are abolished.
- As introduced with the amendments in articles 575, 585 and 587, the authorities of Notary Publics to approve the signatures of founders and articles of associations of companies are cancelled for limited liability companies. With the concerned amendments, the articles of associations will need to be signed by the founders in the presence of the designated officers of the directorates of the Trade Registry. As this amendment shall only be applicable for limited liability companies, the articles of association of joint stock companies may continue to be executed before Notary Publics or before the director or deputy director of the relevant Trade Registry. This amendment shall be applicable as of 15.03.2018.
- As a significant novelty introduced under article 585, the pre-condition of payment of at least ¼ of the undertaken capital prior to the establishment is cancelled for limited liability companies. In this context, the founders of limited liability companies shall be no longer obliged to make upfront payment of at least ¼ of their undertaken capitals prior to the establishment. This amendment shall be applicable as of 15.03.2018.

2. Amendments to the Tax Procedure Law numbered 213 (“TPL”)

- As to article 223 of TPL, the opening approvals of company books kept physically by companies have to be conducted by the relevant directorates of the Trade Registry during the establishment process. This article is parallel to the amendment made in article 64 of the TCC so the authority of Notary Publics to carry out the opening approvals of the company books is also removed. This amendment shall be applicable as of 15.03.2018.

3. Amendments to the Social Security and General Health Insurance Law numbered 5510

- In accordance with the amendment made in article 11/3, during the establishment process of a company, the notification form shall be directly sent to the Social Security Institution (“**SSI**”) by the relevant Trade Registry so that the work-place registration will be conducted without any application to the SSI physically. This amendment envisages shortening the time spent in the process of establishment.



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