



# LEGALINK

INTERNATIONAL BUT PERSONAL

## FIVE ADVANTAGES OF DOING BUSINESS IN...

FOR PRIVATE CLIENTS  
AND CORPORATE ENTITIES





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# TURKEY

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### **Foreign Direct Investment**

Turkey's liberal foreign investment policy, which guarantees equal treatment of foreign and local investors, provides confidence to foreign investors. Turkey signs various bilateral and multilateral agreements to establish a favourable environment for economic cooperation by defining standards of treatment for investors and their investments, whilst also offering unique opportunities to foreign investors thanks to its membership to the Customs Union since 1996 and Free Trade Agreements signed with 27 countries.

### **Investor-friendly Environment**

As part of Turkey's increasing endeavours for the facilitation of foreign investment, the Turkish legislator places great emphasis on taking special care of foreign investments following the promotion of a number of legislative interventions over recent years. The general aim is to bring the relevant legislation more in line with European legislation to create a transparent and more familiar legal environment for foreign investors.

With the new Turkish Commercial Code enacted in 2012 (the "TCC"), foreign investors are becoming increasingly attracted to the country due to the many improvements that have been made in respect of transparency, reliability and companies' auditing processes. Among other initiatives, the TCC has enabled foreign investors to establish a business in Turkey without the need for a Turkish business partner. On the other hand, the TCC has also provided favourable options for foreign investors who wish to engage with a Turkish business partner by enabling them to regulate their relationship according to their requirements and needs.

Following settlement of this steady legal ground as a result of the TCC, in 2016, the Law Amending Certain Laws for Improvement of the Investment Environment numbered 6728 was published (the "Amendment Law") to encourage both local and international investors by reducing investment related costs and creating a more investor-friendly environment. In light of this, the Amendment Law made a number of amendments to different laws including but not limited to companies law, enforcement and bankruptcy law, and various tax laws including stamp tax law. As a significant novelty, the Amendment Law reduced the liabilities of investors concerning stamp tax that applies to a wide range of papers including agreements, and investors have been finally relieved from paying large amounts of taxes.

Also, investors can benefit from various investment schemes (i.e. general, regional, large-scale or strategic investment schemes) according to the scope of their planned investments.

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Each of these investment schemes provides valuable benefits to foreign investors such as VAT exemption, customs duty exemption, tax reductions, social security premium supports, income tax withholding allowance, interest rate support, land allocation and VAT refund.

**Turkish citizenship**

As of January 2017, foreign investors can now obtain Turkish citizenship and its combined benefits (such as the access to all Schengen Zone countries, full and superb medical assistance) providing that they meet the stated requirements.

**Istanbul Finance Centre and Arbitration**

In parallel to the Turkish legislator, the Turkish government is also taking important steps to attract more foreign investors into Turkey with the establishment of the Istanbul Finance Centre. The Government aims to allow foreign investors to issue foreign exchange-based securities as part of the Istanbul Finance Centre project so that they can have leading roles within the country's capital market.

Another recent development that will be of interest to foreign investors is the establishment of the Istanbul Arbitration Centre ("ISTAC") which has already started to provide new and efficient ways to resolve commercial disputes whilst aiming to strengthen Istanbul's position as a regional and international finance centre.

**Geographical Position**

Turkey's geographical position presents a significant advantage for investors seeking to spread their activities across Europe, the Middle East and CIS countries. As the similarities grow in line with the Gulf countries, many global companies also regard Turkey as an important operation centre and, therefore, manage their operations from the region.

Also, it has been officially revealed that one in every 10 tourists from the UAE chooses Turkey as their next holiday destination, making UAE one of the top markets for the Turkish tourism industry.

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