

## TAX NEWS NO: 2012/2

July 3, 2012

**Subject:**

**New Liaison Offices Regulation of Turkey**



Principles concerning the establishment and functioning of liaison offices have been amended with the promulgation of the “Regulation Amending the Regulation for Implementation Of Foreign Direct Investment Law” in the Official Gazette dated 3 July 2012. The following explanations have been made with regards to the application of the mentioned legal regulation.

- The Ministry shall evaluate the liaison office opening permit applications of newly established foreign companies within the context of some elements such as the field of activity, the capital and the number of personnel employed and may stipulate the condition for the company to have been operational for at least one year in order to grant the permit.
- Applications for establishment and extension shall be finalized within 15 days following the application, provided that the necessary information / documents are complete and proper.
- Within the context of liaison office applications of foreign companies operating in specific sectors which are required to obtain permits, licence and other authorizations in Turkey, the Ministry, where deemed necessary, may consult with the relevant institutions that are authorized to grant such permits.
- Liaison offices, in their first applications, are granted operation permits of 3 years at most. For extensions, the liaison offices are required to make an application before the expiration of their permissions.
- The General Directorate shall evaluate the extension applications within the framework of the past year activities of the liaison office, the foreign company’s prospective business plans and objectives for Turkey, the current and anticipated amount of expenditures and the number of personnel employed in the office and may conclude the application within the following durations that are determined in accordance with the nature of activity. The permits obtained for market research or promotion of products or services of the foreign company are not extended.

| Field Of Activity   | Duration |
|---|----------|
| Representation and Hosting (Representation of the foreign company at sectoral institutions and relevant organizations, coordination of business contacts of the company officers, meeting the office demands of those officers)   | 5        |
| Control, Inspection and Provision of Local Suppliers (Provision of local producers and products for the foreign company and inspection of those suppliers in terms of the quality standards of the foreign company)   | 5        |
| Technical Support (Provision of training and technical support services for distributors, supporting local suppliers for their enhancement of quality standards)  | 5        |
| Communication and Transfer of Information (Collection and transmission of information to the foreign company having business contacts in Turkey such as the market conditions, consumption trends, sales of competitors and distributors, performance of distributors)  | 5        |
| Regional Management Headquarter (Particularly oriented to other units of the foreign company in foreign countries; coordination and management of some operations such as formulation of investment and management strategies, planning, promotion, sales, after sales services, brand management, financial management, technical support, R&D, external supply, testing of newly developed products, laboratory services, research and analysis, training of personnel) | 10       |

- Liaison offices shall send the “Data Form for Liaison Office Activities” given as Annex IV of the Regulation and its accompanying documents to the Ministry every year latest until the end of May, so as to inform the Ministry about their activities of the previous year. The extension applications of the liaison offices which do not send this Form and its accompanying documents shall not be evaluated. Furthermore, operation permits may be cancelled ex officio.

Yours sincerely,  
Deloitte Turkey

---

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see [www.deloitte.com/about](http://www.deloitte.com/about) for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

These materials and the information contained herein are provided by Deloitte Turkey and are intended to provide general information on a particular subject or subjects and are not on exhaustive treatment of such subject(s).

Accordingly, the information in these materials is not intended to constitute accounting, tax, investment, consulting, or other professional advice or services. The information is not intended to be relied upon as the sole basis for any decision which may affect your personal finances or business, you consult a qualified

professional adviser.

These materials and the information contained therein are provided as is, and Deloitte Turkey makes no express or implied representations or warranties regarding these materials or the information contained therein. Without limiting the foregoing, Deloitte Turkey does not warrant that the materials or information contained therein will be error-free or will meet any particular criteria of performance or quality.

Deloitte Turkey expressly disclaims all implied warranties, including, without limitation, warranties of merchantability, title, fitness for a particular purpose, non-infringement, compatibility, security and accuracy.

Your use of these materials and information contained therein is at your own risk, and you assume full responsibility and risk of loss resulting from the use thereof. Deloitte Turkey will not be liable for any special, indirect, incidental, consequential, or punitive damages or any other damages whatsoever, whether in an action of contract, statute, tort (including, without limitation, negligence), or otherwise, relating to the use of these materials or the information contained therein.

© 2012 Deloitte Global Services Limited