**REGULATION to AMEND on the REGULATION for IMPLEMENTATION of FOREIGN DIRECT INVESTMENT LAW**

**ARTICLE 1 –** The 3rd Article of the Regulation for Implementation of Foreign Direct Investment Law, published in Official Gazette dated 20/08/2003 and numbered 25205, has been amended as follows:

**“ARTICLE 3 –** The terms mentioned in this Regulation;

1. Ministry: Refers to “Ministry of Economics”,
2. General Directorate: Refers to “General Directorate of Foreign Investment”,
3. Law: Refers to “Foreign Direct Investment Law”, dated 05/06/2003 and numbered 25205.”

**ARTICLE 2 –** The terms of “Undersecretariat” and “Ministry of Industry and Commercial” mentioned in Article 4/1 of the Regulation has been amended as “Ministry” and “Ministry of Customs and Commercial” respectively.

In addition, the term of “to “Undersecretariat” in Article 4/2 of the Regulation has been amended as “to Ministry”.

**ARTICLE 3 –** The6th Article of the Regulation has been amended as follows:

**“ARTICLE 6 –** The Ministry is authorized to grant a permission and extent duration of such permissions for the Companies established in accordance with the laws of the Foreign Country, to establish Liaison Offices provided that these Offices will not perform any commercial activities in Turkey.

Applications of newly founded companies for establishment of a Liaison Office in Turkey will be assessed by the Ministry with consideration of certain criteria such as field of the activity and paid-in capital of the Company and number of the employees that will be employed. In addition to this assessment, the Ministry is also entitled to ask a condition that it has been at least one year since the company was established.

Applications for establishment of Liaison Offices or extension of a current permission shall be finalized within 15 working days following the application, provided that all necessary information/documents submitted properly.

Applications of foreign companies for establishment of Liaison Offices so as to operate in the sectors subject to special legislations, such as money and capital markets, insurance, etc., will be assessed by the authorities and institutions authorized by the relevant special legislation. In order to conclude applications of foreign companies for establishment of Liaison Offices that will operate in the sectors in which official operation is subject to special permissions, the Ministry may discuss these applications with authorized bodies and institutions.”

**ARTICLE 4 –** The7th Article of the Regulation has been amended as follows:

**“ARTICLE 7 –** In order to establish Liaison Offices, the applicant party should apply to the Ministry with the following information/documents:

* “Application Form” (Appendix 6),
* "Declaration Form" which contains an official commitment which contains determination of the nature of the operations that will be run by Liaison Office and a phrase stating that any commercial activity will not be performed (Appendix 7),
* "Circular of Signature" which proves power of the signature of the employee who will sign this "Declaration Form",
* The original copy of “Certificate of Activity” of the foreign company approved by the relevant Turkish Consulate located in that foreign country,
* "Annual Operating Report" or Balance Sheet and Profit&Loss Statement of the foreign company,
* The original copy of "Certificate of Authority" issued to the name of the employee that will be officially appointed for carry out the operations of Liaison Office,
* The original copy of "Power of Attorney", in case of establishment procedures of Liaison Office is performed by another person or 3rd parties.

In case of original copies of above-stated documents are submitted, the General Directorate will keep the copy of those documents and return the original ones back to the applicant party.”

**ARTICLE 5 –** The8th Article of the Regulation has been amended as follows:

**“ARTICLE 8 –** The following provisions govern the operations of Liaison Offices:

1. In return for the initial applications for establishment of Liaison Offices, the Ministry grants a permission which is valid for a period of 3 years. For the extension of the current permissions, the Liaison Offices should apply to General Directorate before expiration date of the operation permits.
2. General Directorate will evaluate the applications for the extension of the current permissions with consideration of the future business plans of the foreign company, operations of the Liaison Office in the previous years, current and estimated expenditures and number of the employees of the Liaison Office. After evaluation of the applications from above-stated perspectives, the General Directorate may extent the operation permits for the following years. Please note that, applications of the Liaison Offices which operate for performing marketing researches or promotion of the goods or services of the foreign company will not be extended.

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| **Nature of the Operations** | **Extension (Year)** |
| Representation and Hosting Activities  Representation of the foreign company in sectoral institutions and related organizations, coordination of the business contacts of the representative of the foreign company in Turkey (support these persons on meeting location/office needs of them) | 5 |
| Auditing Turkish suppliers from quality and standard perspectives and provide new suppliers  Auditing foreign company and contract manufacturers of the foreign company in Turkey from quality standards perspective, provision of new products and contract manufacturers for the foreign company | 5 |
| Technical Support  Provision technical supports and trainings for the distributors and services to enhance the standards of quality of the suppliers | 5 |
| Communication and Information Provision    Information provision for the foreign company regarding the latest developments on the market, consumer trends, performance of the distributor companies, competitors, current situation of the distributors of the competitors, etc., | 5 |
| Regional Management Centers  Provision of coordination and management services for the units in other countries for the following areas:   * Establishment of investment and management strategies, * Planning, * Promotion, * Sales, * After sales services, * Brand management, * Financial management, * Technical support, * R&D, * Procurement, * Testing of new products (including labarotary activities), * Research and analysis, * Training of the employees. | 10 |

1. Once operation permit is obtained, the Liaison Offices should submit one copy of the certificate of registration to the tax office and rental agreement to the General Directorate within one month following the permission.

In case of any changes in office address, executives of the Liaison Offices or the title of the foreign company; the Liaison Offices should inform the General Directorate within one month following the changes by submitting the following documents respectively:

* The new rental agreement stating the new address,
* The “certificate of authority” showing the newly appointed executives,
* Other related documents with respect to changes of the title of the foreign company.

1. Until end of May in each year, the Liaison offices should provide information to the Ministry regarding its operations in the previous year by completion of the Annex-4 which is attached to this new Decree.

Please note that, the applications of the Liaison Offices which does not submit this form and other related documents will not be considered for the extension of the operation permits and their current permissions will be canceled.

1. The Liaison Offices could be audited by the Ministry in order to determine whether they are operating in accordance with the relevant legislations and their field of activity stated in the article of organization. Please note that, such audits may be initiated by the Ministry itself or upon any written request of other relevant authorities and institutions.

Based on such audits, if it is observed that the operations of the Liaison Office has passed beyond the scope of its permission, the Ministry may grant 30 days to the Liaison Office to apply for a new permission for the operations which are currently performed. This duration may be extended to additional 30 days in case of existence of the reasonable excuses. At the end of this duration, if the Liaison Office still did not apply for a new permission, The Ministry is entitled to cancel current operation permit of the Liaison Office.

Based on such audits, if it is determined that the Liaison Office is currently engaged in any commercial activities, its operation permit will be canceled. Further to cancelation of the operation permit, this situation is disclosed to the relevant authorities and institutions.

1. In case of leaving the operations, the attendance form that will be obtained from the tax office is submitted to General Directorate for the closing purposes. The Liaison Offices has no right to claim any transfers expect the remaining amounts from closing or liquidation.”

**ARTICLE 6 –** The13th Article of the Regulation has been amended as follows:

**“ARTICLE 13 –** The provisions of this Regulation are governed by Minister of Economy.”

**ARTICLE 7 –** The Appendix 4 – “The Information Form about the Activities of the Liaison Offices” has been amended as it is attached. In addition, the Appendix 6 - “Application Form” and the Appendix 7 - "Declaration Form" has been newly attached to this Regulation.

**ARTICLE 8 –** This Regulation will come into effect as of publication date.

**ARTICLE 9 –** The provisions of this Regulation are governed by Minister of Economy.