

Share Transfers in Joint Stock Companies in Turkey

In order to complete a share transfer in a Joint Stock Company registered in Turkey, the endorsement and transfer of share certificates (in the bearer form) are required. If the company has not issued any share certificates, the transfer of the shares shall be completed within the share ledger of the company.

The notarization of the share transfer agreement as well as the registration and announcement of the new share transfer at a local trade registry office is not required.

Joint Stock Companies can disapprove the transfer of the shares (that are not quoted on the stock exchange) by using their takeover right.

A company can only reject the transfer of shares that are quoted on the stock exchange where the articles of association explicitly restrict the transfer exceeding a given limit.

Moreover, Joint Stock Companies can reject a share transfer where the transferee's ability to pay is doubtful, or the transferee has not paid the requested deposit to the joint stock company.

The transfer of share certificates is exempted from stamp tax and other duties and charges except for VAT (%18). Where the transferor has held the related shares for a period of at least two years, VAT will be excluded.

For shares quoted on the stock exchange, there are no tax liabilities including VAT, as a result of the transfer of the shares.

Unlike Limited Liability Companies, the shareholders of Joint Stock Companies are not personally liable for any unpaid taxes and other fiscal liabilities that cannot be collected from the entity.

“The legal representatives” of a Joint Stock Company are personally liable for any unpaid taxes and other fiscal liabilities that cannot be collected from the entity. Not only the legal representatives who are in office at the time a public receivable is due but also those who were in the office at the time of the occurrence of the fiscal obligation would be jointly and severally liable.

Where a director(s) is appointed as a fully authorized board member to represent the company or a manager(s) is appointed to represent the company, the directors in the board of directors would not be personally liable for any unpaid taxes and other fiscal liabilities.

In order to validate the transfer, General Directorate of Foreign Investment shall be officially informed about any share transfer to the foreign investors.



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