

Opening Liaison Offices in Turkey

In addition to the establishing a company or a branch office, foreign investors can also establish liaison offices in Turkey. Liaison offices can only be involved with non-commercial activities. In other words, liaison offices cannot issue invoice or proforma invoices.

While carrying out their activities, liaison offices in Turkey may benefit from the corporate tax and stamp tax exemption for their activities and salary-income tax exemption for their employees since all of liaison office employees are, in principle, exempt from the salary-income tax, which is one of the most crucial points that make liaison offices attractive for foreign investors in Turkey.

Liaison offices in Turkey provide an advantageous way to promote parent company's business activities. They are generally established, by foreign entities, for representation and to gather information on behalf of the parent company in the related sector and the country. Alternatively, foreign investors may also use liaison offices for regional management centers, research and development, technical supports, audit and supervision of their distributors and suppliers, testing the newly developed products, laboratory services, research analysis, training & education of the employees.

Establishment

The General Directorate of Foreign Investment is empowered to authorize the legal entities established abroad to open a liaison office in Turkey by issuing an establishment permit. An original copy of "Certificate of Activity" and operational report or balance sheet and income statement of the main company are required during the application.

The Ministry shall evaluate the liaison office opening permit applications of newly established foreign companies within the context of; the field of activity, capital and number of personnel employed. The applications made for the establishment permit shall be finalized by the authority within five (15) business days from the submission date provided that the required documents are complete.

It should be noted that the establishment process might be also subject to the applicable sector-specific legislations based on the sector of the liaison office.

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.

Liaison offices shall send the data form including their activities and their accompanying documents to the Ministry every year latest until the end of May, so as to inform the Ministry about their operations of the previous year.

Liaison office expenses shall be covered by the funds transferred from abroad.



Ayhan Baltaci
Partner
abaltaci@bereket-baltaci.com

Yasemin Işık
Partner
y.isik@bereket-baltaci.com

Ahmet Işıklı
ahmet_isikli@bereket-baltaci.com

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