

A comprehensive guideline for
investors, executives, and entrepreneurs

HOW TO DO

BUSINESS IN TÜRKİYE


AND

HOW TO ESTABLISH

COMPANY IN TÜRKİYE

HOW TO DO BUSINESS IN TÜRKİYE AND HOW TO ESTABLISH COMPANY IN TÜRKİYE

BSHK | HATİP LAW FIRM

 Levent Mah. Manolyalı Sok. No: 12
Beşiktaş / İSTANBUL

 +90 212 282 65 66

 bshkhatiplaw@bshkhatip.com

HOW TO DO BUSINESS IN TÜRKİYE AND HOW TO ESTABLISH COMPANY IN TÜRKİYE



Turkey occupies a pivotal position at the crossroads of Europe, Asia, and the Middle East, making it a key commercial gateway for global business. With its expanding economy, solid legal infrastructure, and policies that encourage foreign investment, the country offers significant advantages to international entrepreneurs. Pursuant to Foreign Direct Investment Law No. 4875, foreign investors enjoy the same rights and safeguards as domestic investors, providing a transparent, competitive, and reliable environment for conducting business. As BSHK Hatip Law Firm we aim to provide a structured, professional guide for foreign investors seeking to establish and operate a business in Turkey, with particular emphasis on the practical steps, legal obligations, and strategic considerations relevant during incorporation.

1. Can Foreign Individuals and Entities Establish a Company in Türkiye?

Foreign real persons and foreign legal entities are fully entitled to establish a company in Türkiye, benefiting from the same rights and obligations as Turkish investors. Turkey's strategic location, expanding economic landscape, and modern regulatory framework make it an attractive jurisdiction for international entrepreneurs seeking to enter regional markets. The legislation governing foreign direct investments adopts a clear and liberal approach, allowing foreign investors to set up any type of company permitted under the Turkish Commercial Code without requiring a local partner or shareholder.

In line with Foreign Direct Investment Law No. 4875, foreign investors enjoy equal treatment with domestic investors, ensuring a secure, transparent, and predictable investment environment. Neither Turkish citizenship nor residence in Türkiye is required for company founders or legal representatives, which provides significant flexibility for cross-border business structures. As a result, both foreign individuals and foreign corporate entities can confidently establish and operate companies in Türkiye, benefiting from an investor-friendly legal regime.

2. Can Foreign Investors Own 100% of a Turkish Company?

Foreign individuals or foreign legal entities may own 100% of the shares of a company established in Türkiye. There is no requirement for a Turkish shareholder or partner, and foreign investors enjoy the same rights and protections as domestic investors under the Foreign Direct Investment Law No. 4875. This liberal investment regime allows international entrepreneurs to structure their companies freely, without any mandatory local participation or ownership restrictions.

Moreover, Turkish law does not impose an obligation to have multiple shareholders. A company can be incorporated by a single foreign person or a single foreign company, or by multiple foreign investors if preferred. Both single-shareholder and multi-shareholder structures are fully permitted, allowing maximum flexibility in corporate planning. As a result, foreign investors may establish companies in Türkiye entirely on their own, holding all shares independently and without any Turkish partner.

3. Legal Rights and Regulatory Framework Applicable to Foreign-Owned Companies in Türkiye

Foreign-owned companies established in Türkiye enjoy the same rights, protections, and legal status as companies fully owned by Turkish investors. Once incorporated, the nationality of the shareholders does not create any distinction under Turkish law. These companies may engage in commercial activities, acquire assets, enter into contracts, hire employees, and participate in tenders just like any other Turkish company. Their operations are governed by the Turkish Commercial Code and relevant sectoral regulations, ensuring full legal security and predictability.

In principle, there are no special restrictions imposed solely due to foreign ownership. Foreign-owned companies are treated equally in matters such as taxation, corporate governance, and commercial rights. Certain restricted sectors—such as broadcasting, civil aviation, or real estate acquisition in specific areas—may require additional permits or have special rules applicable to all foreign investors, but these are sector-specific rather than company-specific limitations. Aside from such exceptional areas, a foreign-owned company operates on fully equal footing with any Turkish company.



**Liberal investment regime
allows international
entrepreneurs to structure
their companies freely,
without any mandatory
local participation or
ownership restrictions.**



4. Who Is Eligible to Be a Board Member in Türkiye? Can Foreigners Be Appointed

A company established in Türkiye may appoint any real person or legal entity, whether Turkish or foreign, as its director or board member. There is no requirement that the director be a Turkish citizen or a resident of Türkiye. Both foreign individuals and foreign companies may serve as directors, and Turkish individuals or Turkish legal entities may also be appointed if preferred. The law provides full flexibility to structure company management according to the investor's needs.

Even more for joint stock companies, board members may be either real persons or legal entities, and if a legal entity is appointed, it must designate a real person to act on its behalf. However in limited liability companies, at least one manager must be appointed. Consequently, foreign investors have wide freedom in determining who will manage the company, with no obligation to appoint a local Turkish director.

5. What Types of Business Activities May a Foreign-Invested Company Conduct in Türkiye?

A company established in Türkiye by foreign individuals or foreign legal entities may engage in any commercial activity that is legally permitted under Turkish law. Once incorporated, the company is treated exactly the same as a Turkish-owned company and may carry out trading, manufacturing, services, import-export operations, e-commerce, consultancy, or any other business activity allowed by the Turkish Commercial Code and sectoral regulations. The company may freely enter into contracts, conduct domestic and international transactions, and participate in both private and public sector tenders, provided it

meets the relevant licensing requirements where applicable.

However, as in many jurisdictions, certain regulated sectors—such as banking, insurance, energy, aviation, broadcasting, and pharmaceuticals—may require special permits or compliance with additional regulatory procedures. These requirements apply equally to both Turkish and foreign investors and are not based on foreign ownership. Apart from such sector-specific licensing obligations, foreign-owned companies are free to conduct all types of commercial activities in Türkiye without any additional limitations.



Once incorporated, the company is treated exactly the same as a Turkish-owned company and may carry out trading, manufacturing, services, import-export operations, e-commerce, consultancy, or any other business activity

6. Establishing Affiliates and Subsidiaries in Türkiye

A company established in Türkiye may indeed be structured as an affiliate, subsidiary, or branch of another foreign or Turkish company. Turkish law imposes no restrictions on a company being fully or partially owned by another corporate entity, regardless of the parent company's nationality or place of incorporation. Foreign parent companies may hold 100% of the shares or any portion thereof,

allowing them to create subsidiaries that operate with full legal personality under Turkish law.

Such an affiliate enjoys the same rights and obligations as any other company incorporated in Türkiye. It may conduct commercial activities independently, enter into contracts, hire employees, and acquire assets in its own name.

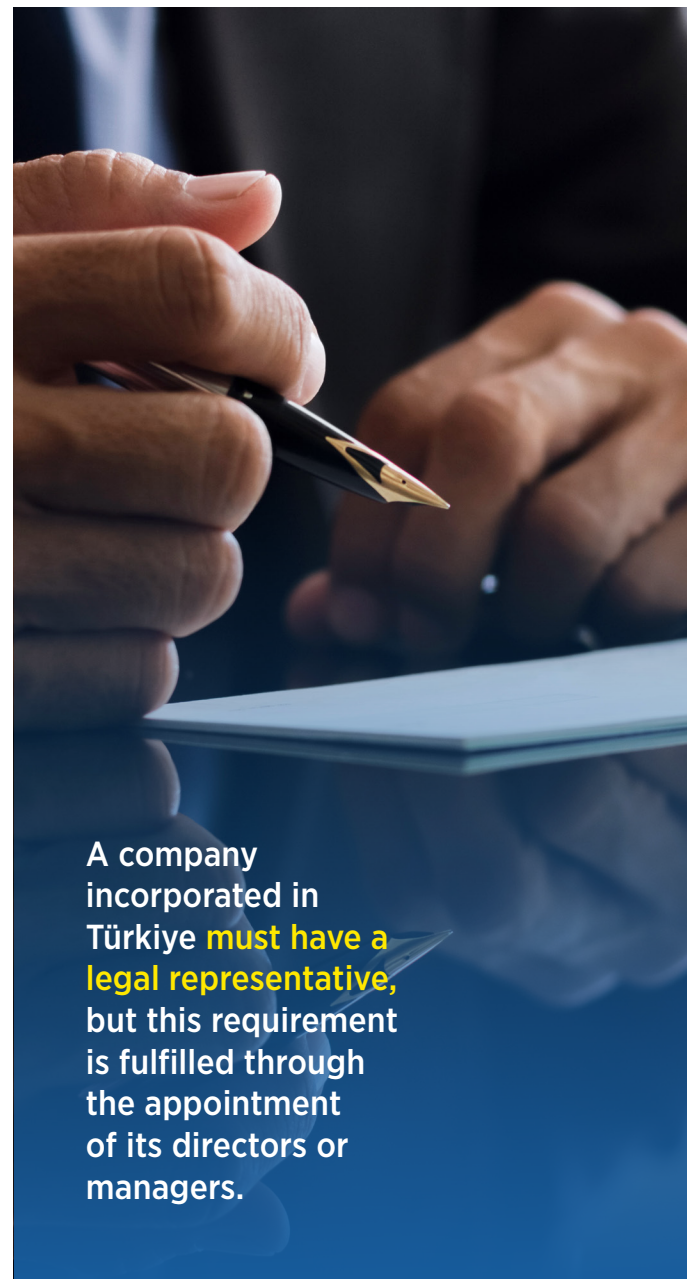
7. Is a Legal Representative Required for a Company in Türkiye?

A company incorporated in Türkiye must have a legal representative, but this requirement is fulfilled through the appointment of its directors or managers. In joint stock companies, the board of directors collectively represents the company; in limited liability companies, at least one manager is appointed as the legal representative. This person or entity—whether Turkish or foreign—holds the authority to bind the company, sign official documents, and act on its behalf before public institutions.

Importantly, the legal representative does not need to be a Turkish citizen or a resident of Türkiye. A foreign individual or a foreign legal entity may serve in this role, provided the necessary appointment is made in the company's articles or via a shareholders' resolution. For tax and operational matters, companies often authorize additional representatives for practical reasons, but this is optional and based on business needs.

8. Equal Treatment for Foreign Investors

Under the Foreign Direct Investment Law No. 4875, foreign investors are granted equal rights with local investors. Therefore Foreign investors may establish any type of company permitted under the Turkish Commercial Code. All rights, protections, and obligations applied to local investors also apply to foreign ones.



A company incorporated in Türkiye **must have a legal representative**, but this requirement is fulfilled through the appointment of its directors or managers.

9. Advantages of Joint Stock Companies

Joint Stock Companies offer substantial benefits, particularly for foreign investors seeking scalability, operational flexibility, and enhanced legal protection.

9.1. Key Advantages

1. Joint Stock Companies can be founded by a single shareholder.
2. In joint Stock Companies board members may be appointed from outside the shareholder group.
3. Joint Stock Companies are suitable for public offerings and capital markets transactions.

Joint Stock Companies are often preferred by investors who prioritize governance stability, structured management, and reduced personal liability.



Joint Stock Companies offer substantial benefits, particularly for foreign investors seeking scalability, operational flexibility, and enhanced legal protection.

10. Comparative Overview: Joint Stock Company vs. Limited Liability Company

Structural Differences

Criterion	Joint Stock Company	Limited Liability Company
Minimum Capital	250,000 TL	50,000 TL
Number of Partners	Min. 1, no maximum	Min. 1, max. 50
Public Offering	Allowed	Not permitted
Bond Issuance	Allowed	Not permitted
Management Requirements	Shareholders are not required to be directors	At least one shareholder must be a manager
Share Transfer	Fast, and no notary needed	Requires notary, general assembly approval and need registration in Turkish Gazette.

11. Key Differences and Their Effects

11.1. Liability for Public Debts

Joint Stock Companies: Shareholders are only liable up to their capital commitment. Therefore, shareholders are not personally liable for taxes or public debts.

On the other hand, in Limited Liability Companies: Shareholders are personally liable for tax and SSI debts in proportion to their shares. - This significantly increases financial risk.

11.2. Management Responsibilities

Joint Stock Companies: Shareholders are not required to serve on the board of directors but if they wish to serve they can.

Legal and criminal liabilities are only for board members, not for shareholders.

Limited Liability Companies: At least one shareholder must act as manager.

This exposes shareholders to legal, financial, and sometimes criminal responsibilities.

11.3. Share Transfer Procedures

In Joint Stock Companies: -share transfer procedures are fast and flexible.

There is no requirement for notary approval or trade registry registration. Therefore to make share transfers in joint stock companies are easier and cheaper.

On the other hand in Limited Liability Companies Transfers must be executed in front of a notary. Moreover after the notary it require approval from shareholders representing 75% of capital. After these steps it must be registered in Trade registry gazette.

11.4. Withdrawal and Expulsion of Shareholders

In Joint Stock Companies, shareholders cannot be expelled via court order. However if the shareholder fails to pay the capital loses the unpaid shares.

On the other hand in limited liability companies, articles of association may permit expulsion and courts may also order expulsion or withdrawal.

Withdrawing shareholders may claim only the real market value of their shares.

The minimum capital requirement is

250,000 TL

for Joint Stock Companies and

50,000 TL

for Limited Liability Companies.



12. Why Foreign Investors Prefer Joint Stock Companies

Joint Stock Companies offer more advantages than limited liability companies such as:

- Strong protection of personal assets
- Minimal shareholder liability
- Ease of share transfer
- High flexibility in investment and management
- Faster exits and investor mobility
- A more institutional and reputable corporate image
- Scalability and potential for public offering

They align well with international business practices, making them the preferred structure for foreign investors entering the Turkish market.

13. Capital and Shareholder Structure Summary



The minimum capital requirement is 250,000 TL for Joint Stock Companies and 50,000 TL for Limited Liability Companies. Both company types may be established with a single shareholder; however, limited companies are capped at a maximum of 50 shareholders, while joint stock companies have no such limitation. Additionally, joint stock structures offer significantly greater scalability, making them more suitable for medium- to large-scale commercial operations.

14. Advantages of Establishing a Company When Applying for a Residence Permit

If you establish a company in Turkey, you may apply for a short-term residence permit by presenting the company as a legal basis.

14. 1 Short-Term Residence Permit

After establishing a Limited Liability Company or a Joint Stock Company in Türkiye, an application for a short-term residence permit may be submitted by using the company as the legal basis and relying on commercial ties.

14.1. 1. Application Steps

- **Online Application:** First, an appointment must be scheduled through the Directorate of Migration Management (GİB), and the application form must be completed. Under the section for the purpose of residence, the option “Those Who Will Establish Commercial Connections” should be selected.
- The documents requested by the Directorate of Migration Management must be prepared, and the required fees must be paid.
- On the appointment date, the applicant must visit the Provincial Directorate of Migration Management to provide fingerprints and submit the application file.
- The evaluation of the residence permit application generally takes between 1 and 3 months, and applicants are allowed to remain in Türkiye until the process is finalized.

14.1. 2. Documents Required for the Residence Permit Application:

- Passport
- Biometric photograph
- Health insurance
- Address declaration
- Company documents: trade registry gazette, tax certificate, signature circular, certificate of activity
- Documents evidencing adequate financial means



15. Advantages of Establishing a Company When Applying for a Work Permit

Although it is not mandatory for shareholders or board members who do not reside in Turkey to obtain a residence or work permit, a foreign board member may apply for a work permit after the company is established, if requested.

If a work permit is obtained, there is no need to apply for a short-term residence permit.

15.1. Conditions for Obtaining a Work Permit:

- The foreign shareholder must hold at least 20% of the company shares, with a minimum value of TRY 100,000.
- The company's paid-in capital must be at least TRY 100,000, or its export volume or annual turnover must meet the minimum level determined by the Ministry.
- The applicant must hold a senior position in the company, such as a board member.

In order for any company to employ a foreign national, it must employ at least 5 Turkish citizens.

15.2. Application Steps:

- A Pre-application form should be prepared.
- The application must include the employment contract, documents showing the company's shareholding structure, and the foreign applicant's passport, biometric photograph, and notarized copies of diplomas.
- Fees related to the work permit must be paid and official documents must be submitted.

After obtaining the work permit, the Social Security Institution (SGK) employment registration should be completed; otherwise, the work permit may be subject to cancellation.



16. Employing Foreign Workers

For a company to employ foreign personnel, it must first meet the criteria set by the Ministry. These criteria are as follows:

16.1. Employment Quota

For each foreign employee applying for a work permit, the company must employ at least 5 Turkish citizens under fixed-term or permanent contracts. In other words, if one foreign employee is to be hired, 5 Turkish employees must be employed; if two foreigners are to be hired, 10 Turkish employees must be employed.

For newly established companies, the requirement to employ 5 Turkish citizens does not apply for the first foreign work permit within the first 6 months. However, this quota must be filled for a second foreign application. The company's payroll must fill this 5-Turkish-employee requirement as of the date the work permit application is submitted.

16.2. Financial Criteria

The company should demonstrate that it has the financial capacity to meet the obligations of employing a foreign worker. At least one of the following conditions must be filled:

- The company's paid-in capital is at least TRY 100,000.
- The company's net sales in the last year are at least TRY 800,000.
- The company's export volume in the last year is at least USD 250,000.

16.3. Salary Requirements

The salary offered to the foreign employee must be appropriate for the position and calculated as multiples of the minimum wage applicable for that year. Salaries should increase progressively from the lowest-level worker to senior management.

For example, Cleaner: 1× minimum wage, Engineer/ Architect: 4× minimum wage, enior executive: 6.5× minimum wage



For newly established companies, the requirement to employ 5 Turkish citizens **does not apply for the first foreign work permit** within the first 6 months.



BSHK | HATİP

LAW FIRM

Levent Mah. Manolyalı Sok. No: 12
Beşiktaş / İSTANBUL

+90 212 282 65 66

bshkhatiplaw@bshkhatip.com



www.bshkhatip.com

