



CIRCULAR NO: 2023/224eng.

NOVEMBER 28, 2023

INCREASED MINIMUM CAPITAL REQUIREMENTS FOR JOINT-STOCK AND LIMITED LIABILITY COMPANIES

According to Presidential Decree No. 7887, published in the Official Gazette No. 32380 of November 25, 2023, the minimum capital requirements for joint-stock and limited liability companies have been amended. As per the relevant decree, the minimum capital requirement has been increased;

- from TL 50,000 to **TL 250,000** for joint-stock companies,
- from TL 10,000 to **TL 50,000** for limited liability companies.

Furthermore, per the same decree, the minimum initial capital requirement of TL 100,000 for non-public joint-stock companies adopting the registered capital system has been increased to **TL 500,000**.

Due to a numerical error, it has been announced in the Official Gazette No. 32380 of November 25, 2023, that the said decision would come into effect on the date of its publication, effective from October 1, 2024. Following an amendment published in the Official Gazette No. 32381 of November 26, 2023, the error mentioned above has been rectified. It has been officially stated that Presidential Decree No. 7887 **will take effect on January 1, 2024**.

As is known, as stipulated by the Turkish Commercial Code (TCC), the capital of joint-stock companies and limited liability companies cannot fall below the legally defined minimum capital amount. In the pertinent mandatory articles of the TCC that determine the “minimum capital requirement,” there is no provision allowing for differentiation among companies within the scope regarding the minimum threshold that must be met. The relevant legislation grants the President the authority to increase the minimum capital requirement. Once the new minimum capital requirement is established through this authority, these revised amounts become the applicable minimum capital requirement for each respective type of company.

Presidential Decree No. 7887 does not incorporate a transitional provision for companies already established before the decree’s enactment. The decree does not specify that the revised minimum capital requirement will exclusively apply to newly established companies. Hence, we believe that, following the new regulation, the relevant companies should be obligated to raise their capital to the recently determined minimum capital requirements by January 1, 2024. We believe that failure to do so may lead to a situation contrary to the principles of equality among companies, particularly concerning the grounds for dissolution.

We express our expectation for issuing a new communiqué on this matter in the upcoming period.

Sincerely,

APPENDICES:

1. Presidential Decree No. 7887
2. Amendment to Presidential Decree No. 7887

(*) The remarks in our circulars are for information purposes only. We recommend that the opinion and support of a qualified counsellor be sought before taking final action on questionable matters. Our company shall not be held responsible for any damages incurred as a result of transactions to be made solely based on the statements in our circular.

(**) For opinions, criticism and questions about our circulars, please get in touch with our experts below.

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