



Turkey - Civil Law (Swiss)

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☎ Consultation

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In a hurry? Click incorporate now, and startup your company immediately.

Incorporating a company in Turkey

Turkey taxes

Do you want to incorporate in Turkey? This article explains the tax laws in Turkey for a LLC which is the most common legal entity in Turkey.

Turkish companies are liable to tax on their worldwide income. The headline tax rate for offshore income, from our research, and these things do change, is 20%. Turkey may have certain exemptions to transfer income accrued abroad. Taxes are reasonable in Turkey as the headline corp. tax rate is 20%. This ranks Turkey as 70th overall in terms of corporate tax rate worldwide.

The valued added tax rate is 18.00%, this ranks Turkey as 116th overall in terms of VAT taxation rate internationally. In terms of other taxation, an employer will contribute 22.50% to the equivalent of a social security fund and an employee will contribute 14.00%. The overall complexity of the tax system is medium. This is measured by average time to comply with a country's labor tax requirements is as it is 80hours. Contributing to this is the number of yearly labor tax payments, which is 1 in TR.

Thin cap standards are officially enacted. This refers to any sort of restrictions on given company with respect to debt-to-asset ratios.

Dividends distribution between resident companies are tax-exempt. Dividends received from foreign companies may be subject to corporate income tax. However an exemption applies, if paying company is a LLC or a corporation, the recipient owns at least 10% of the paid in capital of the distributor, profits were taxed on source at a CIT of at least 15%, and the dividends are received by the date the corporate tax return is due. A dividend are payments of earnings of the business, passed by the board of directors, to shareholders. Dividends can be one of the following stock, cash, or property. Capital Gains are usually considered ordinary income and subject to corporate income tax standard rates. However, those from the sale of domestic participation may be 75% exempted if the property has been held at least two years. Turkish-source and foreign source Capital Gains derived by a Turkey International Holding Company may be exempted under certain conditions. A capital gains tax is levied on the profits that a corporation or natural person realizes when they sell sells a capital asset for a price that is higher than the purchase price.

The interest withholding tax rate is estimated at 10%. Which means that the taxman expects relevant legal entities to automatically withhold 10% of interests remitted abroad, unless those are paid to international financial entities, where an exemption may apply. The dividends withholding tax rate is 15%. This should be interpreted that the taxman expects LLC's to withhold 15% of dividends remitted abroad. The royalties withholding tax rate is 20%. This means that the relevant tax authorities expects LLC's to pay tax on 20% of payments of royalties made to non-residents. Withholding tax rates may be reduced under a tax treaty.

There is no known tax on wealth in Turkey. There are inheritance, transfer and real estate property taxes in Turkey. There are widely used R&D initiatives that provide tax incentives in TR.

The above is not tax or legal advice for your particular situation. We can refer you to a lawyer in Turkey who can answer all your questions. Click the free consultation button above.

The vat rate in Turkey is 18% which ranks 116 in the world.

✗ Patent box

✓ RND credit

✗ Wealth tax

✗ Estate tax

✓ Transfer taxes

✗ Asset taxes

87 Tax treaties

20% Offshore Tax

20% Corp rate

- Loss carryback years

49 Corporate time

Turkey Legalese

When incorporating, you must look at the law in the country, in Turkey is civil law (swiss) law. You will want to get some local advice as to how to best structure a company in Turkey. E-signatures are allowed.

The abbreviation TR is for Turkey and the most common company structure in Turkey is a LLC.

The amount you'll have to wait is about 1 Day to incorporate a LLC in TR. The types of cash you can use to setup your business is frequently any legal currency.

Yes, one is allowed to re-domicile a LLC from TR. You are usually allowed to change the jurisdiction of the company, pending certain procedures.

There must be at least This means it is not possible for you to own a LLC in Turkey as a sole shareholder. You must have other shareholders, they can be nominees or de facto shareholders. Corporate Shareholders are permitted, which means you can have a legal entity as a shareholder. Foreign ownership is encouraged, up to 49% of the ownership of the legal entity.

There is a requirement to have at least 3 directors. Moreover, corporate directors are not permitted. Directors should not expect to be private, as they are disclosed. There is a requirement to have annual meetings of shareholders.

A registered agent is normally required, which means the company will have to pay a fee on a yearly basis, for an agent which can receive any official legal correspondence on behalf of the business. Moreover, a company secretary is not always necessary, at least not by law.

There is a requirement to file accounts to relevant authorities. Furthermore, there is oftentimes a requirement to have these accounts audited.

Overall we think Turkey is a ok option and have given it a score of 63 as an IO score, using the Incorporations.IO proprietary formula.

- ✗ **Directors not disclosed in a public registry**
- ✗ **Shareholders not disclosed in a public registry**
- ✓ **Redomiciliation permitted**
- ✓ **Registered office required**
- ✗ **Corporate director permitted**
- ✗ **Local Secretary not required**
- ✓ **Local Director not required**
- ✓ **Electronic signature**

- 5 Shareholders required**
- 3 Directors required**
- 1 Day to form**



TURKEY

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Country Info



🚩 National Flag of

Türkiye Cumhuriyeti
(tur)

\$ Currency

TRY

☎ Area Code

+90

🏛 Capital

Ankara

✈ Region

Western Asia

🗣 Native Languages

Turkish