



MINIMUM CAPITAL AMOUNTS of JOINT STOCK and LIMITED LIABILITY COMPANIES HAVE BEEN INCREASED

With the Presidential Decree No. 7887 (“**Decree**”) published in the Official Gazette on 25 November 2023, the minimum capital amounts regulated for joint stock and limited liability companies in Articles 332 and 580 of the Turkish Commercial Code No. 6102 (“**Code**”) have been increased.

With this new regulation, the minimum capital amount of;

- joint stock companies has been increased from **50.000,00 TRY** to **250.000,00 TRY**
- limited liability companies has been increased from **10.000,00 TRY** to **50.000,00 TRY**
- non-public joint stock companies, which adopt the registered capital system, has been increased from **100.000,00 TRY** to **500.000,00 TRY**

According to the amendment letter published in the Official Gazette dated 26 November 2023, the increased minimum capital requirements will enter into force as of 1 January 2024 (“**Effective Date**”).

What Will Be The Status Of Existing Joint Stock And Limited Liability Companies Whose Capital Is Below The Increased Minimum Capital Requirements?

The Ministry of Trade stated in its announcement that the amended minimum capital requirements will be applied to joint stock and limited liability companies incorporated after the Effective Date, and that there is no obligation on joint stock and limited liability companies existing prior to the Effective Date to increase their current capital at this stage, but it would be beneficial to increase their capital in order to strengthen their equity structure.

Despite the explanations of the Ministry of Trade regarding joint stock and limited liability companies already existing prior to the Effective Date, it is likely that, in the near future, such companies will also be subject to the same minimum capital requirements as those incorporated after the Effective Date, and may be given a deadline to increase their capital to the minimum required amount provided under the Decree, otherwise they may be subject to sanctions such as de-registration of the Company or restrictions to perform registration procedures.

What Will Be The Capital Limit For The Lawyer Obligation Of Joint Stock Companies?

According to the Article 35/3 of the Attorneys’ Act, joint stock companies with a share capital of five times or more than the minimum capital amount required for joint stock companies in the Code are obliged to have a lawyer under contract.

In line with the minimum capital requirements for joint stock companies as increased by the Decree, the capital threshold for retaining a lawyer under contract will also change. Accordingly, joint stock companies with a share capital of TRY **1.250.000,00** or more will be required to retain a lawyer under contract, as of 1 January 2024.

The amendment of minimum capital requirements has raised many questions. It is expected that additional legislation will be published later on for companies existing prior to the Effective Date with a share capital below the newly announced minimum requirements.

Should you have any comments or queries regarding any of the foregoing, please do not hesitate to contact us.

Kind Regards,
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