

# Registration Procedures at the Trade Registry in Light of the Minimum Capital Amounts Regulation for Capital Companies

Pursuant to the Presidential Decree numbered 7887 published in the Official Gazette numbered 32380 and dated 25.11.2023, the minimum capital amounts stipulated under Articles 332 and 580 of the Turkish Commercial Code ("TCC") have been increased as follows effective as of 01.01.2024:

- Pursuant to the amendment in Article 332 of the TCC, the minimum capital amount for joint stock companies has been increased from TRY 50,000 to TRY 250,000 and the minimum capital amount for non-public joint stock companies with registered capital system has been increased from TRY 100,000 to TRY 500,000.
- Pursuant to the amendment in Article 580 of the TCC, the minimum capital amount of TRY 10,000 for limited liability companies has been increased to TRY 50,000.

In relation thereto, the Ministry of Trade General Directorate of Domestic Trade issued a circular numbered E-50035491-433.99-00092124772 ("**Circular**"), which outlines the matters to be regarded by trade registry directorates during registration processes as of 01.01.2024 as follows:

- Minimum capital amount will not be less than the relevant new minimum capital amount for companies to be incorporated after 01.01.2024.
- The capital will not be less than the relevant new minimum capital amount in the registration process of capital increase of all companies, regardless of the date of incorporation.
- In case of a partial spin-off with a capital decrease, the capital of the spin-off company will not be less than the relevant new minimum capital amount in the registration process thereof.
- In the registration process of a change of type of a company, the capital of the new type will not be less than the relevant new minimum capital amount.
- In the calculations regarding the loss of the company's capital and legal reserves within the scope of Article 376 of the TCC, the registered capital of the company will be considered, regardless of the date of incorporation.
- As per Article 20 of the Law on the Enforcement and Implementation of the Turkish Commercial Code and Provisional Article 10 of the TCC, the registration

requests of companies that are deemed to have been dissolved due to failure to make capital adjustments will not be accepted unless there is a court decision explicitly stating that a capital could be increased if the company intends to continue its activities.

In addition, the Circular states that there is no legislative regulation that would require joint stock companies and limited liability companies to be considered as dissolved due to the current situation. In this context, it was stated in the announcement published by the Ministry of Trade on 27.11.2023 that *"although there is no obligation, at this stage, for companies with capitals below the mentioned amounts, to increase their capitals, it would be beneficial for such companies to increase their capitals to at least the mentioned amounts in order to strengthen their equity structure"*. Nevertheless, the Circular goes beyond the provisions of the TCC and attempts to indirectly apply the new minimum capital amounts to existing companies. Furthermore, it is expected that legal arrangements on capital increases will be made in respect of existing joint stock companies and limited liability companies soon.