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EUROCHAMBRES



CIVIL SOCIETY SECTOR



KONYA TİCARET ODASI
KONYA CHAMBER OF COMMERCE



Industrie- und Handelskammer
Chamber



HOW TO START A BUSINESS ?



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BUSINESS SERVICE CENTER

This brochure has been prepared within the scope of Business Service Center project.

Business Service Center is a support unit established in Konya Chamber of Commerce and Aksaray Chamber of Commerce and Industry with our project number CFCU/TR2015.DG.01.A6-02/024, titled "Business Service Center" and conducted with partnership of Konya Chamber of Commerce, Aksaray Chamber of Commerce and Industry and Chemnitz Chamber of Commerce and Industry within the framework of "Turkey-EU Business Dialogue Project" conducted in cooperation with TOBB and EUROCHAMBERS.

Business Service Center was established in order to enable our members to reach relevant authority easily for all kinds of requests, suggestions and complaints, to direct the communication from a single center, to respond to our members as soon as possible and to follow the result.

Business Service Center will provide information service in the following areas:

- Activities of the chamber
- Current announcements
- Processes for starting a business and required documents
- Investment Areas
- Government Supports

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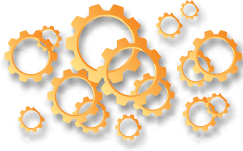
INTRODUCTION

According to the statistics, there are 1 million 815 thousand businesses in Turkey. Big cities such as İstanbul, Ankara and İzmir take place on the top in starting a business and opening a workplace. Konya is in the 9th place.

Every business can't achieve success in a short time and many businesses close within the first 2 years. This means that it is necessary to analyze many details in the establishment stages of the business and to start the business on solid foundations by making the right planning before starting a business. Many people leave their ideas undone in the process of experiencing how difficult it is to start a business. People who continue their way without giving up should take action with a strong motivation and good planning in the process of starting a business.

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WHAT SHOULD BE DONE BEFORE STARTING A BUSINESS?

A good market research should be done by determining business ideas and information should be obtained about the past and present of the sector before starting a business. In this way, situation analysis and growth processes of the leading companies in the sector will be examined.

After deciding on a business idea, the step to be taken should be determined. A product needed by the sector can be introduced into market or a business can be started on a subject about which you have knowledge.

After deciding on the business to be started, a business plan can be prepared. This business plan may include company's purpose, short and long term goals and capital needs. Thanks to the business plan to be prepared, each step to be taken will progress in a planned and complete manner.

Capital is at the top of the items required for starting a business. At this point, you can start off with your own capital or you have the option of starting a business with investors. A solid business plan should be prepared to convince the investors. At this point, you can get help from organizations that support small and medium-sized enterprises such as KOSGEB.

One of the most important issues to be decided before starting a business is to decide on legal structure of the COMPANIES. One of the following options should be preferred; joint stock company, limited company, sole proprietorship. You can get help from independent accountants or financial advisors while choosing the company option.

In order to be a good business, a good team should be formed with experienced and responsible people and duties should be distributed.

After establishment of the company is completed, promotional activities should be carried out through social media in order to reach the potential target group.

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COMPANY TYPES

A business organization established by two or more real and legal people by combining their capital or labor to achieve a commercial purpose is called company.

Joint stock company, limited company and limited partnership divided into shares are stock corporations. In stock corporations, partners are only responsible to the company with the capital they have committed.



Joint stock company, limited company and limited partnership divided into shares are stock corporations. In stock corporations, partners are only responsible to the company with the capital they have committed.

Ordinary limited partnership and unlimited company are sole proprietorships. In sole proprietorships, partners' second degree unlimited liability for the debts of the company is a basis

Establishment, main features and operations of these companies are regulated in Turkish Commercial Code number 6102. About cooperatives, the Law on Cooperatives number 1163 is applied first.

Joint stock company and limited company are the most common company type in Turkey. While approximately 82% of all companies are limited companies, 13% are joint stock companies and 4% are cooperatives. The total of unlimited companies and limited partnerships is approximately 1%.

JOINT STOCK COMPANY

- Joint stock company is a company whose capital is determined and divided into shares and which is liable for its debts only with its assets.
- Minimum capital amount is 50.000 TL. (Initial capital may be minimum 100.000 TL for non-public joint stock companies that accept registered capital system.) At least one fourth of the nominal value of the shares committed in cash must be paid before registration. Remaining amount is paid within 24 months following the registration of the company. Payment schedule can be planned in the company's articles of association or by the board of directors.
- Shareholders are responsible to the company with the capital shares they have committed only.
- Joint stock companies can be established for any economic purpose and subject that are not prohibited by law.
- Joint stock company has an articles of association in writing and registered in trade registry in the area where its headquarters is located.
- A joint stock company with a single shareholder may be established. Real and legal persons can be shareholders.
- Joint stock companies may issue registered and bearer share certificates in order to represent shares. They can also issue bonds and similar debt instruments.
- As a rule, approval of general assembly is not necessary for the transfer of shares. Shareholders can freely transfer their shares to others.
- Joint stock companies carrying out business in certain activity areas and joint stock companies exceeding the threshold values of the criteria determined according to the total assets in the balance sheet, annual net sales revenue and the number of employees are subject to independent audit.
- Joint stock companies are the only company type whose shares can be offered to the public and whose shares can be traded on the stock exchange.



Establishment of some joint stock companies and changes in their articles of association are subject to the permission of the Ministry of Commerce.

Banks, financial leasing companies, factoring companies, consumer finance and card services companies, asset management companies, insurance companies, holdings established as joint stock companies, companies operating foreign exchange offices, companies dealing with public merchandising, licensed warehousing companies for agricultural products, commodity exchange companies, independent audit companies, surveillance companies, technology development zone management companies, companies subject to Capital Markets Law number 6362, companies founding and operating free zone.

Joint stock company has two organizations

GENERAL ASSEMBLY

As a rule, it is the organization where all shareholders are represented and that is exclusively authorized to take some important decisions regarding the company (e.g. amendment of the articles of association, election of the board of directors, election of the auditor, dissolution of the company, etc.).


BOARD OF DIRECTORS

Basically, it is the organization responsible for management and representation of the company. Board of directors may consist of one member. Members of the board of directors don't have to be Turkish citizen and don't have to reside in Turkey.

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LIMITED COMPANY

- Limited company is a company whose capital is determined and divided into shares and which is liable for its debts only with its assets.
- One-man limited company can be established. The number of partners can't exceed fifty. Limited company partners can be real or legal persons.
- Partners are not liable for the debts of the company, they are only obliged to pay the declared capital shares they have committed and to make additional payments and to fulfill supplementary performance obligations set forth in the articles of association. Partners are liable for public debts that can't be collected from the company in proportion to their shares.
- Declared capital of the limited company is minimum 10.000 TL. It is possible to pay the entire capital brought in cash within 24 months after the registration of the company. Payment schedule can be planned in the company's articles of association or by managers.

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- Limited company has an articles of association in writing, registered in trade registry in the area where its headquarters is located.
 - Bearer shares can't be issued in limited companies.
 - Limited companies can't be offered to the public.
 - Approval of the general assembly is required for transfer of limited company shares.

Limited company has two organizations

General Assembly

As a rule, it is the organization where all shareholders are represented and that is exclusively authorized to take some important decisions regarding the company (e.g. amendment of the articles of association, election of managers, election of the auditor, dissolution of the company, etc.).

Board of Managers

Basically, it is the organization responsible for management and representation of the company. It is possible that the company has only one manager. At least one of the managers must be a partner of the company. Managers don't have to be Turkish citizen and don't have to reside in Turkey.

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Unlimited Company

- Unlimited company is established with at least two partners.
- Only real persons can become partners in unlimited company.
- Each of the company partners has the right and duty to manage the company separately. However, management duty can be assigned to one, several or all of the partners by articles of association or by decision of the majority of the partners.
- Partners of the company have second degree unlimited liability to the creditors of the company.
- There is no capital requirement in unlimited companies.



Limited Partnership

- Ordinary limited partnership is a sole proprietorship and limited partnership divided into shares is a stock corporation.
- **There are two types of limited partnerships; ordinary limited partnership and limited partnership divided into shares.**
- Limited partnership can be established by at least two people, one of whom is a acting partner (unlimited partner) and one is a silent partner (partner with limited liability). Acting partners can only be real persons. Silent partners can be real or legal persons.
- The most important feature of the limited partnership is having limited and unlimited liability partners together. Some partners have limited, some have unlimited liability.
- Liability of the silent partner is limited to the amount of capital they have put or committed. Silent partners can't manage the company.
- Liability of the acting partner is like liability of a partner of unlimited company. Creditors who can't get their receivables from the company's assets can apply to acting partners. Acting partners can manage the company.


Cooperative

- Cooperatives are partnerships with changing partners and changing capitals formed by real and legal persons in order to provide and protect certain economic interests of the partners and especially their needs related to their profession or livelihoods with their labor and financial contributions through mutual aid, solidarity and security.
- Cooperative company is not a sole proprietorship or a stock corporation and it is not a commercial company like other companies listed.
- Each partner undertakes minimum one and maximum five thousand shares. Value of a partnership share is 100 TL.
- Cooperative is established with minimum seven partners without prejudice to special types.
- Provided that it is set forth in the articles of association, it may be decided that partners will have second degree unlimited liability for receivables of the cooperative or they have limited liability up to a certain amount that is more than the capital share they have committed.
- Board of directors consists of minimum three legal persons or real persons who are Turkish citizens and meet other conditions required by the Law. Members of the board of directors are elected for a term of maximum four years. They can be re-elected unless otherwise stated in the articles of association.
- All partners, except those who were not partners three months before the general assembly, can join general assembly of the cooperative. This condition is not required in building cooperatives.
- One or more inspectors are elected as inspection body of the cooperative by general assembly for at least one year. Inspectors must meet the conditions of being a member of board of directors.

Business Organizations Belonging to Real Persons

- Business Organization: It is an organization where activities aiming to earn income exceeding the limit foreseen for the tradesmen organization are carried out continuously and independently. The boundary between business organization and the tradesmen organization is determined by presidential decision.
- They can engage in all kinds of activities that are not against the law. However, they can't engage in activities such as Banking Activities, Foreign Exchange, Insurance, which are specified in Turkish Commercial Code and can only be carried out by joint stock companies.
- Titles of the real person records must be determined to include the person's name and surname.
- When evaluated in terms of trade registry processes; it is more advantageous and more practical than stock corporations in terms of cost, decision-making process and time of the process.
- Decisions of general assembly and board of directors which are mandatory in stock corporations, are not present in sole proprietorships.





Company establishment processes can be completed within an hour in Turkey if required documents are submitted to the relevant trade registry office. Company establishment in Turkey is exempt from fee. Foreign real and legal persons are subject

to the same rules as domestic investors while establishing a company in Turkey.

Trade records are kept by 238 trade registry offices that are in service within the structure of chambers of commerce under the supervision and control of the Ministry of Commerce.

COMPANY ESTABLISHMENT PROCESSES IN TURKEY

Establishment Stages

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Preparation of articles of association and certification of the signatures of the founders.

Users start company establishment process by creating a free membership by visiting MERSİS's website <https://mersis.gtb.gov.tr/>. While articles of association is being prepared in MERSİS, Turkish citizens can be added with their identity numbers and foreigners can be added with their passport numbers as partners or authorized people. However, for this process, foreigners must get ax number from the tax office first and register in MERSİS by applying to the trade registry office.

MERSİS directs the user to fill the sections that must be included in articles of association legally and articles of association is prepared by entering the necessary information. Articles of association is prepared in Turkish. Potential tax number of the company is also automatically given by MERSİS. Then, founders sign the articles of association and a competent authority confirms whether these signatures really belong to them. For this process, founders or their authorized representatives must go to the relevant institution. For limited companies and cooperatives, this process is carried out at trade registry office in the area where the headquarters of the company is located. For other companies, it is possible to apply to trade registry office or any notary office in the area where the headquarters of the company is located. If certification process is requested to be performed at notary office, users can apply to any notary office with the request number obtained from MERSİS. Since articles of association is sent electronically to notary offices by MERSİS, it is not necessary to go to the notary office with a hard copy.

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Preparation of signature statements of company officials

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Signatures of the people authorized to represent the company under the company name must be certified by a competent authority and their signature statements must be prepared. This process is performed in any trade registry office in Turkey.

Payment of Competition Authority's Share and Cash Capital

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00.4% (four per ten thousand) of the company's capital must be deposited into the bank account of this institution as "Competition Authority's Share". There is no need to go to the bank for this transaction. This amount can be paid in the chamber of commerce while carrying out other establishment procedures. In addition, minimum 25% of the shares of joint stock companies committed in cash must be deposited into a bank account opened in the name of the company before registration of the company.

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Application to Trade Registry Office for registration

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Trade registry office completes the registration process after founders apply to the registry office with relevant documents. In addition, commercial books to be kept by joint stock and limited companies and the cooperatives in their establishment are approved by trade registry office and given to them after registration. It is also possible to carry out establishment procedures through a representative authorized by a power of attorney.

If certificate of incorporation/ articles of association /main is approved by Trade Registry Office, following points should be considered.

> Application must be started through MERSİS and application must be checked by Trade Registry Office, pre-approval must be obtained and after that, relevant documents must be approved by applying to the office in person or with a valid power of attorney if there is any.

> If there is any doubt about the fact that the person does not have mental competence, a document showing that the person has mental competence may be requested from the competent authorities.

> If the person is not literate, he must come together with 2 witnesses while coming for the procedure. Documents will be prepared by obtaining a signature in the presence of the witnesses by using a seal or a tool or fingerprint.

> If the person does not speak Turkish, he must come for the procedure together with a certified translator.

> If the person is deaf and dumb, he must come for the procedure together with a certified translator who understands sign language for deaf and dumb people.

> If the person is visually handicapped, he must come together with 2 witnesses while coming for the procedure.


Documents to be Submitted to the Trade Registry Office during establishment

a. Documents Required for the Registration of Joint Stock Company:

- Articles of association with founders' signatures that have been certified,
- A document showing that minimum twenty five percent of the capital committed in cash has been deposited into the bank,
- Payment document showing that Competition Authority's share has been paid,
- Evaluation reports prepared by an expert appointed by the court regarding determination of capital in kind issued and value of businesses to be taken over during establishment and non-cash assets.
- If there is an issued capital in kind, a letter to be obtained from the relevant registry office stating that there is no limitation on the issued capital in kind,
- If there is an issued capital in kind, a document showing that annotation is put onto immovable, intellectual property rights and other values that are issued as a capital in kind in the registry offices where they are registered,
- Contracts with the company being established, founders and other people and related to the establishment, including those related to the acquisition of non-cash assets and business if there is any,
- Permission or appropriate opinion letter for companies whose establishment is subject to permission or approval of the Ministry or other official institutions,
- Written statements of members of the board of directors who are not shareholders about the fact that they accept this duty if there is any,
- If there is a legal person in the board of directors, name and surname of the legal person and real person determined by the legal person in the name of legal person and a notarized copy of the decision of the authorized body for determination,
- Signature statements of people authorized to represent and bind the company.

b. Documents Required for the Registration of Limited Company:

- Articles of association with founders' signatures that have been certified,
- Written statements of members of the board of managers who are not partners about the fact that they accept this duty,
If there is a legal person in the board of managers, name and surname of the legal person and real person determined by the legal person in the name of legal person and a notarized copy of the decision of the authorized body for determination,
- Evaluation reports prepared by an expert appointed by the court regarding determination of capital in kind issued and value of businesses to be taken over during establishment and non-cash assets.
- If there is an issued capital in kind, a letter to be obtained from the relevant registry office stating that there is no limitation on the issued capital in kind,
- If there is an issued capital in kind, a document showing that annotation is put onto immovable, intellectual property rights and other values that are issued as a capital in kind in the registry offices where they are registered,
- Contracts with the company being established, founders and other people and related to the establishment, including those related to the acquisition of non-cash assets and business if there is any,
- Signature statements of company managers,
- Payment document showing that Competition Authority's share has been paid



C. Documents Required for the Registration of Cooperative:

- Articles of association with the signatures of the founders that have been approved by the trade registry office,
- Permission letter of the authority allowing establishment of the cooperative,
- Statements of signatures that have been put under the title of the cooperative authorized to represent and bind the cooperative.

d. Documents Required for the Registration of Unlimited Company and Limited Partnership

- Articles of association with the signatures of the founders that have been approved by the notary,
- Certified copy of the signatures to be put by those authorized to represent and bind the company under the company title,
- If silent partner has issued capital in kind in limited partnerships, evaluation report prepared by an expert appointed by a court for determining the value of non-cash assets,
- A letter to be obtained from the relevant registry office stating that there is no limitation on the issued capital in kind,
- A document showing that annotation is put onto immovable, intellectual property rights and other values that are issued as a capital in kind in the registry offices where they are registered,

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e. Documents Required for the Registration of Business Organizations of Real Persons (Personal Records)

- A petition addressed to Trade Registry Office,
- Registration request approved by Trade Registry Office,
- A photocopy of tax certificate,
- If there is more than one field of activity, a Taxpayer Status Letter showing all fields of activity and obtained from Tax Office,
- Chamber Registration Statement that will be given to Chamber Registry Office for real persons,
- For pharmacists, document showing that it is registered in Chamber of Pharmacists,
- If residence address is shown as the address, consent letter of the property owner (floor owners) and the relevant municipality.

Auditing in Commercial Companies

Stock corporations operating in certain areas in Turkey and stock corporations that meet threshold values in at least two of the specific criteria in terms of "total assets", "annual net sales revenue" and "number of employees" are subject to independent audit.

Financial statements and activity reports of the board of directors of these companies are audited by independent auditors in accordance with international auditing standards.

Ministry of Commerce has authority to audit all commercial companies in



terms of their transactions under the Turkish Commercial Code. Again, companies that carry out certain activity fields (e.g. Banks, insurance companies, etc.) can be audited by the relevant public institutions and organizations in accordance with the special laws they are subject to. Briefly, public auditing of commercial companies in Turkey are carried out by public institutions and organizations. For some events that need to be

clarified, shareholders have been given the right to request an auditor to be appointed from general assembly. Request of the shareholder to appoint a special auditor is approved by the decision of majority of the general assembly. If the request is rejected by the general assembly, shareholders who constitute minimum one tenth of the capital (one twentieth in publicly held partnerships) can request appointment of a special auditor from the court within three months.

Liquidation

Company is dissolved in accordance with occurrence of any of the reasons for dissolution set forth in the law or decision of the company partners. Dissolved company enters into liquidation process. The fact that the company is dissolved and entered into liquidation process is registered and announced by the relevant trade registry office.

Company that is in liquidation process preserves its legal personality including its relations with shareholders until the end of liquidation and uses its trade name by adding the phrase "in liquidation".

The purpose of liquidation is to sell the assets of the company and convert them into money, to collect its receivables, to pay its debts, and to complete its unfinished business.

Works to be done during the liquidation process are done by liquidators. At least one of the liquidators must be Turkish citizen and must reside in Turkey. Liquidators can be appointed by articles of association or resolution of general assembly. If he is not appointed in this way, liquidation is carried out by board of directors. Liquidation officers must also be registered and announced by trade registry office.

People who are understood from the company books or other documents that they are creditors and whose residence addresses are known are informed about dissolution of the company by registered letter and other creditors are informed about dissolution by announcements to be made in Turkey Trade Registry Gazette and on the company's website and at the same time, as set forth in articles of association, with three announcements every other week and they are invited to report their receivables

to the liquidators.

Liquidators prepare financial statements regarding the liquidation for the end of each year and final balance sheet at the end of the liquidation and present them to the general assembly.

After debts of the company in liquidation are paid and share prices are paid back, remaining assets are distributed among the shareholders in proportion to their paid capital and privilege rights unless otherwise agreed in the articles of association. If there is privilege in the liquidation share, regulation in the articles of association is applied.

Unless other time period is specified in the articles of association, remaining assets can't be distributed before six months from the date of the third call made to the creditors.

Liquidators apply to trade registry office with relevant documents in order to delete trade name of the company from the registry after liquidation is completed and upon request, deregistration is registered and announced. With deregistration, legal personality of the company ends.

On the other hand; in case of bankruptcy, liquidation is carried out by bankruptcy office in accordance with the provisions of the Enforcement and Bankruptcy Code.

In deregistration of real person; statement of assets and liabilities prepared in accordance with the provisions of the Execution and Bankruptcy Code is given to the office together with the document proving that it has been gone out of business in the attachment of the petition and cancellation process is registered and announced



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