GUIDE TO DOING BUSINESS IN TURKEY

Rosenblatt & Company

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A Guide to Doing Business in Turkey

This Guide was prepared to provide companies interested in entering the Turkish market with a better understanding of key issues facing those setting up and operating a business in Turkey. This Guide should also help those working with Turkish companies to better understand the parameters within which Turkish companies operate.

Today, in an increasingly global world, Turkey finds itself ever more focused on attracting foreign capital, know-how, technology and goods. Turkey also sees itself in competition with other countries in the EU Customs Zone for the basing of export oriented manufacturing. Turkey has already made significant progress as a manufacturing base for the export oriented automobile, white goods and textile sectors. In the coming years Turkey will seek foreign investment and know-how to enable it to expand the number of industries in which Turkey can become a leading regional or international player.

Reducing the complexity for foreign companies entering the Turkish market should make Turkey a more accessible market and spur further investment. Legal reform, which has received increasing focus of policymakers as Turkey seeks to enter the EU, has an important role to play in reducing complexity and attracting foreign investment.

We hope that this Guide will also serve to encourage those who might otherwise shy away from such investment to give Turkey its due consideration by making opportunities in the Turkish market more easily accessible to the foreign investor. We are convinced that the added interest of investors will help further international investment in the Turkish economy and thereby contribute to the prosperity of Turkey and its people.

Phillip Rosenblatt
Istanbul, Turkey – March 2005

1. Turkey – An Overview

Turkey is a fairly recent country in a very ancient land, with a long and proud history. It has been home to the ancient peoples of the Fertile Crescent and the Mediterranean and Aegean coasts, the Hittite, Urartu, Phrygian, Lydian, Lykian and Ionic civilizations. For over two millennia, Istanbul, the commercial capital of Turkey served as an imperial capital, first as Constantinople, the Eastern capital of the Roman Empire, and then as Istanbul, the capital of the Ottoman Empire. Today, Ankara serves as Turkey's political capital, while Istanbul retains its prominence as Turkey's economic center. Despite the transformations over the ages, this ancient land has lost none of its prodigious dynamism or the strategic importance of its location at the center of trade routes well trod since time immemorial.

1.1. Geography

Turkey is located at the crossroads of Europe and Asia. Turkey has a land mass of 814,578 sq. km., most of which is located in the Anatolian (or Asian) part of the country (790,200 sq. km.) and only a small portion, including a portion of the city of Istanbul, located in the Thracian (or European) part of the country (24,378 sq. km.).

Turkey is surrounded by the Black Sea on the North, the Aegean Sea on the West and Mediterranean Sea on the South. The Sea of Marmara is an internal sea between the Black Sea and the Aegean Sea with two important straits: the Bosphorus, which connects the Sea of Marmara to the Aegean Sea, and the Aegean Sea, which is connected to the Mediterranean by the Canakkale Strait.

Turkey borders Greece and Bulgaria on the West and Northwest, Georgia, Armenia and Azerbaijan on the Northeast, Iran on the East and Iraq and Syria on the South.

Climates, natural plantation and the distribution of agricultural activities divide Turkey into seven regions. Four regions are named after seas: the Black Sea Region, the Marmara Region, the Aegean Region, and the Mediterranean Region. The other three regions are named after their locations in Anatolia: the Central Anatolian Region, the Eastern Anatolian Region and the Southeastern Anatolian Region. Mount Ararat, at 5,137 m. above sea level, is the highest mountain and Lake Van, at 3,713 sq. km., is the largest lake in Turkey.

1.2. Population

According to the most recent estimates, Turkey has a population of close to 72,000,000, with heavy concentrations in the major cities of Istanbul, Izmir, Ankara and Antalya. Some 67% of Turkey's population lives in urban areas, with the remaining 33% in rural areas. Annual population growth is higher than that of most of the developed world and that of the emerging Eastern European countries. Turkey's population is significantly younger than most Western European countries, with close to 30% of its population under the age of 15 and under 6% of its population over 65. Average life expectancy in Turkey is 66.6 for men and 71.2 for women.

1.3. Government and Political System

Turkey is a republican parliamentary democracy. As with other parliamentary democracies, the Government is made up of members of Parliament of the political party, or coalition of parties, that have won a majority of the seats in the Parliament in the most recent elections. The Prime Minister is the Head of Government, with legislative and executive authority. The President is the Head of State, with ceremonial and certain legislative authority.

The Parliament, also called the Grand National Assembly, is a unicameral body composed of five hundred and fifty (550) representatives (or

Members of Parliament) elected by popular vote to five (5) year terms.

The Government currently has sixteen (16) Ministers (including the Prime Minister) and an additional seven (7) Ministers of State. The current Prime Minister is Recep Tayyip Erdogan of the AK Party. The President is Ahmet Necdet Sezer, the former Chairman of the Constitutional Court.

2. Foreign Investment in Turkey

2.1. Foreign Investment Laws

Foreign investment in Turkey is governed by the Law on Foreign Direct Investment and related regulations. Under this law, one hundred percent (100%) foreign ownership of Turkish companies is permitted, with only limited exceptions. Certain restrictions exist in broadcasting, aviation, maritime transport and port ownership. In certain sectors, such as financial services, mining and petroleum, special authorizations may be required. There are generally no nationality restrictions on directors or officers of Turkish corporations.

The Law on Foreign Direct Investment, however, requires foreign investors to notify the General Directorate of Foreign Investment, a section of the Turkish Undersecretariat of Treasury, of such investments. Recently adopted changes removed the previous minimum investment requirements as well as the requirement to receive prior approval of investments. The formation of branches and liaison offices are subject to registration.

2.2. Investment Incentives and Qualifications

Turkey has a complex system of investment incentives that are intended to stimulate the creation of new jobs and new investments into the lesser economically developed regions of Turkey. Most of these incentives, which can include the grant of free land, reductions on income and employment taxes as well as discounted electricity tariffs, have been extended for investments in regions of Turkey that had a per capita GDP of US$1,500 or less. Recently, the regions covered by these benefits have been expanded to additional lesser developed regions of Turkey. However the incentive regime is expected to be revised further.

2.3. Special Economic Zones

Turkey has established a number of Free Zones with the aim of increasing investment and production of export oriented products and services, attracting foreign investment and technology, and stimulating employment. Free Zones are deemed to be outside of customs border of Turkey and therefore are not subject to import duties. Previously such Free Zones benefited from generous income and value added tax exemption, which now are "grandfathered" for prior investors under the new provisions of the Free Zone Law. A list of Free Zones is attached as Annex A.

2.4. International Treaties

Turkey is a founding member of both the United Nations and NATO, as well as being a member of the OECD and a number of other international institutions. A list of some of these institutions may be found in Annex B.

Turkey is also party to a large number of international treaties. Of particular interest to investors are the Bilateral Investment Protection Treaties, Double Tax Treaties, and Social Security Treaties, a summary of which may be found in the Annexes.

3. Privatization

After a number of years of relatively limited privatization, Turkey has embarked upon a major campaign to privatize its portfolio of state owned enterprises. These include major enterprises such as state-owned banks, airline, land line monopoly, lottery and power generation companies as well as smaller enterprises in the mining, port and a variety of other industries.

4. Establishing a Presence in Turkey

Companies entering a market for the first time often face a challenge in choosing the means of market entry. Many factors affect such decision, including business objectives, tax implications and available legal structures. This section is intended to provide an outline of the general legal structures that are available in Turkey and to discuss in more detail the different types of corporate legal entities used by foreign investors.

4.1. Agents and Distributors

In Turkey there is a clear distinction between agents and distributors.

Agents

Agents are individuals or companies who negotiate or enter into sales transactions with buyers in the name of the principal in return for a commission or fee. This relationship is regulated by the Turkish Commercial Code and certain mandatory provisions of law apply to these relationships, particularly in respect of termination of indefinite term agency agreements. Authority to bind the principal is required to be registered by the agent in the Commercial Register and published in the Trade Registry Gazette.

Unless otherwise agreed to in writing, both the agent and the principal are entitled to exclusivity in representation for the particular branch of industry in the locale of the agent. Agents may sue and can be sued on behalf of the principal, and are authorized to receive notices in connection with any agreements which the agent concludes or in respect of which it acts as intermediary. Any provisions to the contrary are void as a matter of law.

An agent has a lien over moveable goods of the principal. Where the goods are sold, the agent has certain rights to retain the monies received where the principal has not paid monies due to the agent.

Agents also owe certain statutory obligations to their principals, including obligations of notification, accounting and maintenance of assets, payment and, in certain cases, indemnification.

Distributors

Distributors, on the other hand, purchase goods in their own name and resell them. Distributors do not have rights to bind the seller or act on its behalf. Distributorship arrangements are not specifically defined in the Turkish Commercial Code. As a result, general rules of Turkish commercial law apply. Rules applicable to agents will, at times, also apply to distributors.

Franchising

Franchising, both international and domestic, has been used by businesses in Turkey for some time. International franchise agreements are no longer subject to registration with the Foreign Investment Directorate.

License, Know-How, Technical Assistance and Management Agreements

International license, know-how, technical assistance and management agreements are no longer subject to registration with the Foreign Investment Directorate.

Competition Law

Turkish competition law will be relevant to the establishments of agency and distribution arrangements as well as franchising. In each case, specific block exemptions modeled on EU competition law principals may apply, and will often shape the terms of such arrangements.

4.2. Liaison Offices of Foreign Companies

Liaison Offices, sometimes called Representative Offices, can be opened by foreign companies looking to have a local presence in Turkey that does not engage in commercial activity. A Liaison Office would typically act as an information bridge between the company and the Turkish market. The Liaison Office should not negotiate or sign contracts, collect payments or otherwise engage in commercial activities.

Liaison Offices in Turkey are incorrectly though to be exempt from all taxes. The exemption from profits and value added tax is not based of any specific legal provision, but rather on the basis that the Liaison Office, in fact, does not engage in commercial activity. Beneficial tax exemptions apply to employees of Liaison Offices, which are not required to withhold personal income tax on salaries of its employees if the salary payments are made in foreign currency and are not paid from Turkish sources. Social security payments, however, are required to be paid for employees of a Liaison Office. The social security payments for certain expatriate employees may be exempt if paid to their jurisdiction under bilateral international treaties.

Liaison Offices are required to maintain books and records and make periodic filings. They are required to register with the tax authorities, but they are not required to register as payers of corporate income tax or value added tax.

The Foreign Investment Directorate typically authorizes Liaison Offices of foreign companies for periods of up to three (3) years. Liaison Offices can sponsor foreign personnel for work permits, subject to minimum levels of contribution to the Turkish economy.

4.3. Branches of Foreign Companies

Foreign companies are permitted to operate in Turkey by establishing a Turkish branch of the foreign company. A branch is simply a local presence of a company that is authorized to engage in commercial activity. To register a branch, a foreign company is required to receive authorization from the Foreign Investment Directorate.

Branches may engage in all forms of legal activity unless specifically regulated by law. However, branches are not treated as Turkish legal entities (which they are not) and are therefore disadvantaged in that they may be restricted from certain activities that require a Turkish corporate entity.

Branches of foreign companies are subject to certain filings similar to those that apply to Liaison Offices of foreign companies. Such branches can also benefit from many of the incentives applicable to foreign investment made via a Turkish legal entity.

Branches have in the past been commonly used by foreign banks in Turkey due to regulatory advantages of this structure. It is less often used by other companies.

Branches are subject to corporate profits taxes on their Turkish source income as well as a withholding tax on their after-tax profits. As distinct from Turkish subsidiaries where withholding taxes are paid only upon the distribution of dividends, the payment of withholding taxes on after-tax profits of branches applies whether or not the profits are repatriated. In some instances, a branch can be a preferred vehicle for a foreign company's Turkish operations. Competent tax advice should be sought before choosing this approach.

4.4. Turkish Legal Entities

The most common forms of Turkish legal entities used by foreign investors are joint-stock companies and limited companies. Joint-stock companies are recognizable by the Turkish initials A.Ş. or the words Anonim Şirketi after the company's name. Limited liability companies are recognizable by the Turkish initials Ltd. Şti. or the words Limited Şirketi after the company's name.

Other corporate entities recognized by the Commercial Code include ordinary partnerships (adi ortaklık), collectives (kollektif şirket), limited partnerships (komandit ortaklık) and sole proprietorships (şahıs şirketi, özel şirket), although most of these forms are rarely used by foreign investors.

A more detailed description of joint-stock companies and limited liability companies is set out below.

5. Joint-Stock Companies – Detailed Description

In Turkey, joint-stock companies are commonly associated with large corporations, similar to the German A.G. or the French S.A. A joint-stock company is the only entity permitted to issue shares or bonds that may be traded on stock exchanges. It is also the only entity that may have more than fifty (50) shareholders. A joint-stock company must maintain no fewer than five (5) shareholders at all times.

Joint-stock companies involve more administrative overhead, more shareholders and directors and more public filings than limited companies or other legal forms. Joint-stock companies, however, provide for greater ease of transfer of ownership, more certainty in limitations of liability of shareholders and provide for the clear separation of ownership and management. Joint-stock companies are commonly used in joint ventures, despite some shortcomings.

5.1. Incorporation

A joint-stock company must be formed by no fewer than five (5) founding shareholders and must maintain no fewer than five (5) shareholders throughout its corporate life. A joint-stock company may be formed to engage in any commercial aim that is not prohibited by law. The articles of association of a joint-stock company must contain a description of it objects.

5.2. Capitalization

Minimum capital for a joint-stock company is YTL 50,000 (fifty thousand New Turkish Lira), equivalent to slightly more than US$35,000 as of March 2005. Since joint-stock companies may have no less than five (5) shareholders at all times, joint-stock companies have not commonly been used to establish wholly-owned subsidiaries of foreign companies.

Shares are divided into any number of common or preferred shares having a nominal value of not less than 1 YTL or multiples of 1YTL. (Older companies have until 2009 to adjust their shareholding to comply with the new higher nominal value requirements). All shares of a class must have the same nominal value.

Shares can be either common or preferred. Preferred shares can have preferences as to dividends, liquidation distributions or other matters. Certain preferential founder shares can also be issued. Common shares are required to have at least one vote; however, shares of certain classes may have more than one vote. Multiple classes of shares are not uncommon. They are often used to maintain voting control in the hands of founders, usually family groups. They are also commonly used in joint ventures.

All shares must be inscribed shares unless the articles of association provide for bearer shares. Bearer shares may not be issued until full capital contributions for such shares are made. Certain form requirements apply to share certificates, if issued. Otherwise, share ownership is determined solely by reference to the share register.

A company may not purchase its own shares except in certain limited circumstances.

5.3. Transfer of Shares

Inscribed shares represented by share certificates are transferred by means of delivering endorsed share certificates to the transferee. Shares in non-documentary form are transferred by means of a corresponding entry in the share register. Transfers of inscribed shares, however, are only effective as to the company when recorded in the share register. Bearer shares are transferred by delivery.

Shares may be freely transferred and restrictions on the transfer of shares (including preemptive rights) are void as a matter of law, unless provided for in the articles of association. However, contractual restrictions on the transfer of shares can still be valid *vis a vis* the parties to such contracts with respect to damages. The shareholder of record is responsible for any unpaid contributions in respect of such shares, and a company may generally require guarantees of the unpaid contributions before registering a transfer of shares that have not been fully paid.

During the first two (2) years of a company's existence, commencing from the registration, transfer restrictions apply to shares of its founders acquired in return for in-kind contributions.

5.4. Share Register

Inscribed shares are recorded in a share register maintained by the company (board of directors is obliged to keep share register) or if the company is traded on the stock exchange, its shares must be registered with a depository in dematerialized form kept by the Central Registry Agency (Merkezi Kayıt Kuruluşu). The share register is required to contain certain information regarding inscribed shares and the shareholder of record.

5.5. Issuance of New Shares

Issuance of new shares requires approval of the General Meeting of Shareholders by simple majority vote. New shares may only be issued when all existing shares have been fully paid.

5.6. Legal Reserve

Joint-stock companies are required to fund a general reserve account each year by contributing five percent (5%) of annual net profits to the general reserve until the reserve reaches twenty percent (20%) of the company's capital. Certain additional amounts may be required to be contributed to the general reserve. The general reserve is intended to be used to absorb losses, support the company in difficult times and to fund certain employment related expenses.

A company's articles of association may provide for additional reserves.

5.7. General Meetings of Shareholders

The General Meeting of Shareholders is the highest body of a joint-stock company. Ordinary General Meetings of Shareholders are held annually, within three (3) months of the fiscal year end. Additional Ordinary General Meetings can be called by companies that distribute dividends more than once a year. Extraordinary General Meetings of Shareholders may be called at any time by the Board of Directors, or, if deemed necessary, by the statutory auditors. Upon the justified written request of shareholders owning ten percent (10%) of the company's capital, the Board of Directors is obliged to call an Extraordinary General Meeting, or, where an Ordinary General Meeting has already been called, include the requested items in the agenda of such meeting.

Ordinary General Meetings of Shareholders are required to decide all matters relating to:

- approval (or amendment or rejection) of the financial statements of the company and proposed dividend distributions;
- setting the remuneration of the directors and auditors, if not set in the articles of association;
- re-election or replacement of directors and auditors whose terms have ended;
- any other matters set in the agenda.

Matters not provided for in the agenda may not be raised. If all shares are present at a meeting, and no shareholder objects, any other issues may be raised and resolutions adopted.

Unless otherwise provided for in the articles of association, a quorum of shareholders representing a minimum of twenty five percent (25%) of the share capital of the company is required for a General Meeting of Shareholders to be validly convened. For certain important matters to be decided, such as changes to purpose of a company or liquidation, a higher quorum of two-thirds (2/3rds) of the shares are required. If the initial scheduled General Meeting of Shareholders is not quorate, a second meeting is convened. There must be minimum of fifteen (15) days between the announcement of such rescheduled meeting and such meeting. This rescheduled meeting is deemed quorate irrespective of the number of shares present. Certain important matters require a quorum of half (1/2) of the shares to be present at such rescheduled meeting.

Most resolutions at General Meetings of Shareholders are taken by a simple majority of the votes present, unless higher majorities are provided for by the articles of association. However, certain matters, such as increasing shareholder obligations require the unanimous approval of all shareholders.

5.8. Management

A joint-stock company is managed by its Board of Directors (Yönetim Kurulu). A minimum of three (3) directors must be appointed. An even number of directors is permitted, and the articles of association indicate whether the chairman is granted a casting vote. Resolutions are taken by the majority of the directors present at the meeting.

The Board of Directors, unless otherwise provided for by the articles of association, appoints officers of the company, such as the General Manager and Deputy General Managers, who are responsible for executive functions.

Directors are required to be shareholders (or representatives of shareholder, in the case of corporate shareholders). Directors are required to deposit a nominal number of shares with the company as security for potential liabilities. Directors are appointed for terms not to exceed three (3) years, and they may be reelected for an unlimited number of terms unless the articles of association provide otherwise.

Directors are not required to be Turkish nationals or residents.

5.9. Statutory Auditor or Audit Committee

Turkish joint-stock companies have a Statutory Auditor or, if more than one individual performs this role, an Audit Committee. The number of members can either be indicated in the articles of association as a specified number or as a range. Should it be specified as a range, the General Meeting of Shareholders determines the number of members of the Audit Committee. Statutory Auditors or members of the Audit Committee are appointed for a period of one (1) year at incorporation by the first General Meeting of Shareholders. Afterwards, they are appointed for terms of up to three (3) years. The sole Statutory Auditor, or where there is an Audit Committee a majority of the members, must be Turkish citizens. Statutory Auditors or members of the Audit Committee cannot at the same time serve as members of Board of Directors or officers of the company.

5.10. Single Member Companies; Holding Companies

Turkish law does not provide for single member companies. Joint-stock companies require a minimum of five (5) shareholders. While holding companies are common, Turkish law does not yet provided for consolidation of group accounts.

5.11. Commercial Registry

Following the continental system, all business entities and entrepreneurs are registered with the Commercial Registry in the relevant locale.

There are no nationality restrictions on who can be directors in a Turkish Company.

6. Limited Liability Companies – Detailed Description

Turkish limited liability companies are commonly associated with smaller or closely held companies, similar to the German GmbH or the French S.a.r.l. A limited liability company is not permitted to issue shares or bonds that may be traded on stock exchanges and may not have more than fifty (50) participants. A limited liability company must maintain no less than two (2) participants at all times. Limited liability companies involve less administrative overhead, fewer participants, no directors and less public filings than joint-stock companies.

Limited liability companies, however, are subject to statutory approval of such transfer by a three-quarters (3/4) majority of the capital of the company, more cumbersome share transfers and less separation of ownership from management. Limited liability companies are commonly used by foreign companies setting up Turkish subsidiaries.

6.1. Incorporation

Similar to a joint-stock company, a limited liability company is incorporated by no fewer than two (2) founders who execute the articles of association before a notary and make their initial capital contributions. Incorporation involves registration of the new limited liability company with the Commercial Registry.

6.2. Capitalization

The minimum capital for a limited liability company is YTL 5,000 (five thousand New Turkish Lira), equivalent to slightly less than US$3,700 as of March 2005.

6.3. Transfer of Shares

Limited liability companies have participations (iştirakler, ortaklık payı) rather than shares (hisse senetleri). Participations are not securities and are not printed, as would shares, but rather are recorded in the company's share register (pay defteri). The maximum number of participants in a limited liability company is fifty (50), with two (2) participants a minimum.

Transfer of participations may be restricted in the articles of association of a limited liability company, and statutory approval rights apply to transfers.

6.4. Share Register

Participations are required to have nominal value of YTL 25 (twenty-five New Turkish Lira) or a multiple thereof. They are recorded in the compay's share register and reflected in the articles of association. Tranfers are requried to be certified by notarial deed.

6.5. Issuance of New Shares

Unless otherwise provided for by the articles of association or the participants, upon the increase of the share capital of a limited liability company, each participant has the right to subscribe to a portion of such increase that reflects its existing share in the company.

6.6. Legal Reserve

Limited liability companies are required to fund a general reserve account each year by contributing five percent (5%) of annual net profits to the general reserve until the reserve reaches twenty percent (20%) of the company's capital. Certain additional amounts may be required to be contributed to the general reserve. The general reserve is intended to be used to absorb losses, support the company in difficult times and to fund certain employment related expenses.

A company's articles of association may provide for additional reserves.

6.7. Management

A limited liability company does not have a Board of Directors, but rather is managed by one or more Managers who act as the company's executive and who may be, but are not required to be, participants. The Manager or Managers may be Turkish or foreign citizens.

6.8. Statutory Auditor or Audit Committee

If there are over twenty (20) participants, a limited liability company is required to appoint a Statutory Auditor or an Audit Committee.

6.9. Single Member Companies

Turkish law does not provide for single member companies. Limited liability companies must maintain a minimum of two (2) participants.

7. Securities Registration and Capital Markets

Joint-stock companies with over two hundred fifty (250) shareholders are deemed to be public companies and are subject to registration and compliance requirements under the Capital Markets Law. A detailed description of such requirements is outside the scope of this Guide.

8. Licensing Requirements

Turkish business is subject to a broad number of authorizations, licenses and consents issued by local or central governmental authorities. Licensing requirements are not centralized in any legal act or regulation and are often specific to the industry or the relevant type of activity.

9. Taxation

Turkish tax legislation is composed of separate laws covering separate types of taxes. The three main taxes are each covered by a separate law, namely:

- Corporate Income Tax
- Value Added Tax
- Personal Income Tax

In addition, a number of other taxes are levied, such as stamp tax, banking and insurance transaction tax, excise taxes, fuel consumption tax, inheritance tax and vehicle purchase tax. In addition to these taxes, there are various local taxes such as real estate tax and environmental cleaning tax (popularly called trash tax). However, the tax rates are set centrally and apply in the same manner throughout Turkey.

There are also local taxes, dues, payments and similar charges that are paid to the local municipality. These include a signage tax, entertainment tax and fees for locally issued licenses.

9.1. Corporate Income Tax

Tax on Resident Companies

Corporations and other legal entities that are resident in Turkey are subject to corporate income tax on their worldwide income at a rate of thirty percent (30%).

Tax on Non-Resident Companies

Corporations and other legal entities that are not resident are subject to taxation in Turkey on their Turkish source income. The legal address of the company is not the sole determinant of whether a company is resident. Generally, companies formed under Turkish law or foreign companies that have either their main center or their actual business center in Turkey will be considered resident in Turkey. Branches of foreign companies which have their business center outside of Turkey would normally be considered non-resident and taxed on their Turkish source income. International double tax treaties may be relevant in determining residence.

Double Tax Treaties

Turkey is a party to some fifty-seven (57) Treaties for the Avoidance of Double Taxation, most of which follow the OECD model. A list of countries with which Turkey has signed such treaties and a summary of the applicable withholding rates are included in Annex C.

Calculation of Corporate Tax

Turkish corporate income taxes are calculated based on Turkish Lira profits, based on an accrual method applying Turkish accounting principles and additional regulations adopted by the tax authorities.

While a detailed review of the complex rules governing Turkish taxation is outside the scope of this Guide, we summarize below some, but not all, of the general provisions.

Thin Capitalization Rules

Turkish tax law permits certain loans from shareholders to be deemed disguised capital and restricts the deductibility of interest payments on such loans. As such, the payments of interest on such loans may be subject to withholding taxes as disguised dividends.

Non-Deductible Expenses

For most taxpayers, the deductibility of interest, late payment interest, foreign exchange losses and certain other financial expenses may be limited or restricted. Reserve fund contributions, a portion of advertising expenses and certain foreign exchange losses are not deductible. Allowances for doubtful accounts are generally not deductible; however uncollectible amounts may be deductible after having taken all necessary legal actions to collect them.

Depreciation and Amortization

A Turkish taxpayer may deduct amounts for depreciation and amortization of fixed assets and certain intangibles from their taxable income. Generally, specific rates are not set, and the taxpayer can select the depreciation rate as long as it does not exceed twenty percent (20%) (on a straight line basis) or forty percent (40%) (on a double declining balance basis).

Specific rates of depreciation are set by communiqués issued by the Ministry of Finance for particular types of assets. For example, specific rates are set for vehicles and for different types of buildings, depending on their use.

Revaluation

Turkey permits the use of revaluation of certain fixed assets other than buildings, based on the indexation rate established each year by the Ministry of Finance.

Investment Incentives

Turkey has introduced tax incentives that provide investors with the right to deduct a portion of their investment in manufacturing and other assets from their taxable income, in addition to ordinary depreciation.

Maintenance of Accounting Records

Corporate taxpayers are required to maintain accounting books and records. The main records required for each taxpayer are:

- General Ledger (Defter-i Kebir)
- Journal (Yevmiye Defteri)
- Inventory Register (Envanter Defteri)

Depending on the company, other tax registers or records may need to be maintained. In addition, all transactions are required to be documented within a short period of them occurring.

Each tax ledger or register (other than the general ledger) is required to be notarized. Companies are permitted to keep their records in computerized form and computerized programs that are adapted to or created for the Turkish market are widely available. Keeping records in computerized form does not exempt a company from notarization of the relevant records, which is done by means of notarization of the paper on which final printouts are made.

Companies are required to keep their tax records for a period of not less than five (5) years. However, corporate records and records relating to social security, which include some of these same documents, may be required to be kept for not less than ten (10) years.

The statute of limitations for tax matters is five (5) years for more serious infractions and two (2) years for minor tax irregularities. Turkey has, over the years, used tax amnesties to collect additional taxes, the most recent occurring in early 2003. These have been widely criticized. The impact of such amnesties are outside the scope of this Guide.

Administration of the Tax System

The taxing authority in Turkey is the Ministry of Finance (Maliye Bakanlığı), supported by departments (called Defterdarlık) in each of Turkey's eighty-one (81) districts. Taxes are administered within each region in such districts by a local Tax Office (Vergi Dairesi).

Tax Registration

Companies engaged in commercial activity are required to register with their local Tax Office within thirty (30) days of commencing operations. Upon registration, a company will receive a Tax Certificate (Vergi Levhası). The Tax Certificate is required to be displayed prominently at the place of business. Tax registration is strictly enforced with regular visits by the tax authorities to business establishments.

Free Zones

Turkey has established a number of Free Zones, referred to above. These Free Zones are considered to be outside Turkey for customs purposes. Prior income and value added tax benefits continue to apply for companies granted such benefits in the past. However, newly established enterprises can no longer receive such benefits.

9.2. Value Added Tax

Taxable Event

Turkey imposes a Value Added Tax ("VAT") on the provision or importation of goods or services.

VAT System

The VAT system works by requiring the company providing goods or services to charge VAT on top of the sales price (output VAT) and allowing it to deduct the VAT that it paid on its purchases (input VAT). As a result, the State collects, at each stage in the process, only the tax on additional value created by that stage, with the ultimate cost being borne by the consumer. However, in services sector businesses VAT is often a substantial additional tax on the service provider, since its major input, labor, is subject to a different set of taxes (employment taxes) which cannot be offset against VAT.

VAT Rates

The standard VAT rate, applicable to most types of goods and services, is eighteen percent (18%).

The VAT rates range from one percent (1%) for certain agricultural products and the financial leasing of goods, eight percent (8%) for medicine, many food products, books, and cinema tickets, twenty six percent (26%) for white goods, mobile phones, video cassettes and disks.

VAT Taxpayers

The VAT taxpayer is the provider of the goods or services, or, in the case of imports, the importer of services or the person with title to the goods when imported. Where the taxpayer is a non-resident, any of the parties involved in the transaction may be held liable.

Payments made abroad for the acquisition of goods or services from a non-resident may be subject to a reverse charge VAT, paid by the Turkish resident party, which it then treats as input VAT to be deducted against its output VAT obligations.

In some cases, the purchaser is responsible for the payment of some or all of the VAT on goods that it acquires, particularly in the toll manufacturing, scrap metal and petroleum product sectors.

Exemptions to VAT

There are a number of VAT exemptions which operate differently. For some operations, such as temporary import of goods that are to be re-exported, the VAT payment is not collected upon importation (although a guarantee is required) and if exported within the necessary time period will not attract VAT payments.

In some cases, such as the export of goods and services (described below), VAT is not chargeable and input VAT is refundable. In other cases, such as sales to exempt organizations, VAT is not chargeable but input VAT is not refunded. It is deemed a cost of the person providing the goods or services and deductible from corporate income taxes as an expense.

Exports and VAT Refunds

The export of goods and services is zero rated if it complies with certain conditions. In particular, goods are required to be delivered to a person located outside of Turkey and the goods must in fact leave Turkey. For services, the services must be performed for a person located outside of Turkey, the invoice must be issued to the foreign person, the fees must be paid in foreign currency and brought to Turkey, and the services must not be used in Turkey.

Excess VAT can be carried forward or a refund of excess payment can be requested.

9.3. Personal Income Tax

General

Incomes of natural persons are subject to Personal Income Tax. A person who has a domicile in Turkey or resides in Turkey for more than six (6) months in any calendar year is deemed to be a resident and obliged to pay income tax on such person's worldwide income. In certain circumstances, foreigners who are in Turkey for a fixed term or on temporary assignment may not deemed to be residents even though they stay in Turkey for more than six (6) months.

Wage Income

Wage income is defined as monetary (or other benefits that can be represented by money) given by an employer to employees who have a fixed workplace in payment of their services. The employer is required to withhold the taxes from wage payments when made and to remit such amounts to the tax authorities.

Income Tax Rates

The following table sets out the 2005 tax rates for each type of income within the specified income tax bracket. The brackets system is progressive; however, each taxpayer benefits from the lower rates on the portion of their income that falls into each such lower bracket. Only amounts exceeding each such bracket are taxed at the next higher bracket until the top bracket is reached.

Income Tax Rates for Calendar Year 2005

Income Tax Bracket (amounts up to – in YTL)	Wage Income	Other Income
6,600	15%	20%
15,000	20%	25%
30,000	25%	30%
78,000	30%	35%
above 78,000	35%	40%

Stamp Tax

Stamp taxes, payable on many formal legal documents, are regulated by a Stamp Tax Law. Documents subject to stamp tax include agreements, certain official reports, arbitral awards, commercial documents, receipts, notes payable, letters of guarantee, letters of credit and similar documents. The amounts of such stamp taxes may be substantial although the rates are low-expressed in parts per thousand (per mille) (or tenths of a percent).

Stamp Tax Rates

Leases	1.5 per mille
Certain agreements that provide for fixed sums	7.5 per mille
Certain agreements that do not provide for fixed sums	18 YTL
Articles of association of joint-stock companies, limited liability companies and limited partnerships	exempt
Letters of guarantee (other than bank letters of guarantee), pledge and letters of credit that provide for fixed sums	7.5 per mille

Property Tax

Property Taxes are regulated by a separate Law on Property Taxes. This tax applies uniformly across Turkey to all buildings and land located within municipalities or adjacent areas. These are annual taxes which are based on the property tax assessment values of the relevant buildings or land (which could differ from their market value). The applicable tax rates are:

Building Tax Rates

Residential	1 per mille
Other	3 per mille

Land Tax Rates

Undeveloped land	1 per mille
Built up land	3 per mille

Taxes are generally payable by the owner and collected by the local municipality. Certain exemptions apply for buildings and land in organized industrial zones and for industrial sites, applicable for the first five (5) years after completion of construction.

Excise and Other Taxes

Turkey has a number of excise and other taxes that are levied on various types of goods. These include the following:

Special Consumption Tax (Özel Tüketim Vergisi)

This tax applies to the consumption of, primarily, luxury products, such as perfumes, cosmetics, furs, alcoholic beverages, automobiles and petroleum products. The Special Consumption Tax is applied either as a percentage of the sales price or as a fixed amount per unit.

Special Communications Tax (Özel İletişim Vergisi)

This tax is applied to cellular telephone communication and other related services at a rate of twenty-five (25%), cable and satellite radio and television services at fifteen percent (15%).

Motor Vehicle Tax (Motorlu Taşıtlar Vergisi)

This is levied on motor vehicles, planes and helicopters. Taxpayers are recorded owners or operators as reflected in the relevant registries kept by the Ministry of Transportation. This tax is levied based on the weight, length, or engine size of the vehicles.

Bank and Insurance Transaction Tax (Banka ve Sigorta Muameleleri Vergisi)

These taxes are levied on bank, insurance, stock brokerage and similar transaction, including transactions relating to state bonds and treasury bonds, and currency exchange transactions. This tax ranges from one (1) per mille for currency exchange transactions to fifteen percent (15%) on certain banking and insurance transactions.

Inheritance and Gift Tax (Veraset ve İntikal Vergisi)

This tax levied on the gift or transfer of property by inheritance where the property belonged to a Turkish citizen or the property is located in

Turkey. The applicable rates are set out below:

In YTL	Inheritance	Gifts
120,000	1%	10%
260,000	3%	15%
550,000	5%	20%
1,100,000	7%	25%
over 1,100,000	10%	30%

10. Exchange Control Regulations and Banking

10.1. Exchange Control Regulations

Turkey has a very liberal currency control regime. Under this regime, there is free transferability of Turkish currency into and out of Turkey, provided that this is performed through licensed banks or financial institutions. Similarly, the transfer of foreign currency into and out of Turkey by residents and non-residents is permitted, provided that such transfers are performed through licensed banks and financial institutions.

Certain limitations apply to the amount of cash in Turkish Lira or foreign currency that may be brought into or taken out of Turkey.

All foreign exchange transactions are required to be performed through bank and other specially licensed institutions which engage in such transactions pursuant to regulations adopted by the Central Bank.

Exporters are required to bring back into Turkey and sell at least seventy percent (70%) of their foreign currency receipts from the export of goods to banks or other licensed financial institutions within ninety (90) days of such goods being exported, or all of such receipts where the amounts are brought back to Turkey within the maximum one hundred eighty (180) days.

The export of invisibles, such as services, is not subject to such requirements.

The transfer of capital by Turkish residents involving amounts in excess of US$5,000,000 requires authorization of the Ministry of State responsible for Economy.

10.2. Banking

After having experienced two (2) major banking crises at the end of 1999 and early 2001 Turkey, with the encouragement of the IMF has taken over a number of insolvent banks and strengthened the banking laws and consolidated the regulation of banks and licensed financial institutions under newly created independent regulating authority, the Banking Regulation and Supervision Agency, known by its Turkish acronym BDDK, Turkey also created a separate Savings Deposit Insurance Fund, known by its Turkish acronym TMSF, which has been actively involved in managing and cleaning up the balance sheet of insolvent banks and preparing for the intended sale of non-performing loans (NPLs) to investment groups.

With the pending privatization of the state-owned banks, the 2001 sale by TMSF of Demirbank to HSBC, the 2002 acquisition by Unicredito of a 50% stake in the holding company that controls Koçbank, the 2005 acquistion by BNP Paribas of a 50% stake in the holding company that controls TEB, the announcment of the pending acquisition of Yapı Kredi Bankası by Koçbank, and recently announced negotiations for the private sale and joint ventures by major shareholders of some of the large privately owned Turkish banks, the Turkish banking sector is in the midst of a major transition, the result of which is likely to be the substantially greater presence of major international banks in the domestic Turkish market.

11. Residence Permits, Work Permits and Work Visas

Foreigners wishing to reside and work in Turkey are required to obtain a work permit, work visa and residence permit.

Work permits are issued by the Ministry of Labor and Social Security generally upon the application by such individual's Turkish employer. Special provisions for the prompt issue of work permits for key foreign personnel of companies with foreign investment and liaison offices have been adopted.

Work permits are issued in respect of a particular employer. They do not permit the individual to work for any other employer in Turkey without new application process.

Upon receiving a work permit, a work visa is applied for at the consular section of the Turkish Embassy in employee's home jurisdiction. The employee is required to enter Turkey on the work visa and within thirty (30) days of entry, apply for a residence permit at the local Police

Headquarters.

Receiving a work permit will permit the employee to bring along immediate family members, who will also be issued residence permits. Family members are not permitted to work in Turkey without separate work permits.

Special more generous procedures have been adopted in connection with EU nationals. Individuals may apply for permanent residence status after having worked in Turkey for at least six (6) years.

12. Employment

12.1. Introduction

In July 2003, Turkey adopted a new Labor Code which incorporates a number of key changes to bring Turkish law into compliance with EU Directives in this area.

12.2. Applicability of Turkish Labor Code

The Turkish Labor Code governs employment relations within Turkey. The Labor Code has as its purpose the protection of employees as well as the establishment of a flexible labor market.

The provisions of the Labor Code protecting employees are mandatory and any contractual provisions to the contrary are void.

The Labor Code does not cover employment of certain small scale agricultural employment, family based craft work, domestic help and sports related employment.

12.3. Types of Employment

The Labor Code recognizes both definite term and indefinite term employment. Unless otherwise agreed in a written employment contract, an employee is deemed to be a permanent employee.

Indefinite term employees are granted specific rights as to notice and severance pay upon termination other than termination for cause.

The Labor Code also allows for substantially less stringent terms to apply to temporary employment, such employment is not permitted to extend for more than thirty (30) days.

12.4. Full Term and Part Time Employment

The Labor Code allows for the establishment of full time or part time employment. It also allows for seasonal or piece work.

12.5. Probation Period

At the time of employment, the employer may require a probation period of up to two (2) months. This period may be extended to up to four (4) months under a collective labor agreement.

12.6. Minimum Wage

Minimum Wage Committee of the Ministry of Labor and Social Security sets the minimum wage at least once every two (2) years. In practice this is done every six (6) months. The Minimum Wage Committee is composed of representatives of both Government agencies and labor and employer unions.

The minimum wage for adults for the period of 1 January 2005 – 30 June 2005 and the related deductions are shown below.

Minimum Wage Gross	488.70 YTL
Social Security Premium (employee portion)	68.42 YTL
Unemployment Insurance Fund	4.89 YTL
Income Tax Withholding	62.31 YTL
Stamp Tax	2.93 YTL
Total Deductibles	138.55 YTL
Net Minimum Wage	350.15 YTL

When the employer's social security contributions and other employer premiums are added, the cost to the employer rises to 593.77 YTL.

12.7. Work Week

The maximum ordinary work week is forty-five (45) hours. The maximum work shift for any one day is eleven (11) hours, not counting breaks.

Where an employer establishes an "intensive work week" the maximum ordinary work week limit can be exceeded during such periods provided that it is not exceeded, on average, over a two (2) month period. This period may be extended to four (4) months under collective labor agreements.

12.8. Holidays

Paid Vacations

The employees who worked for a minimum one (1) year are entitled to paid annual vacation. The one (1) year period includes any probation period. Minimum paid annual vacations vary based on seniority as follows:

Seniority	Minimum Paid Annual Vacation
1 to 5 (inclusive) years	14 days
5 to 15 years	20 days
15 (included) years and over	26 days

An employer is required to keep records of paid vacation days granted to employees.

Public Holidays

Turkey has seven (7) public holidays as stated on the following:

- Feast of the Sacrifice (Kurban Bayramı), which falls on different days each year, based on the lunar calendar. The holiday starts at 1:00 pm and lasts for 4 days. In 2006, it will fall in early January.
- National Sovereignty and Children's Day, which falls on 23 April.
- Ataturk Commemoration, Youth and Sports Day, which falls on 19 May.
- Victory Day, commemorating Turkey's independence, which falls on 30 August.
- Republic Day (Cumhuriyet Bayramı), which lasts for 35 hours, starting at 1:00 pm on 28 October and continuing through 29 October.
- Sugar Feast at the end of Ramadan (Ramazan Bayramı or Şeker Bayramı), which falls on different days each year based on the lunar calendar. The holiday starts at 1:00 pm and lasts for 3 days. In 2005 it will fall in the beginning of November.
- New Year's Day, celebrated on 1 January.

12.9 Sick Leave

An employee is granted paid sick leave for up to three (3) working days, not to exceed five (5) days in any one (1) month. The employer may require a health report. Where an employee is absent for periods of more than notice periods pursuant to term of employment plus six (6) weeks, the employer may terminate the employment. When an employee contracts an illness that is not curable or that has a negative effect on the workplace, as determined by the Health Council, the employer has a right to terminate the employment for cause.

12.10. Maternity Leave

Women are entitled to paid maternity leave of eight (8) weeks before the birth and eight (8) weeks after the birth for a total period of sixteen (16) weeks. After the completion of paid maternity leave, where a employee prefers, she has an unpaid leave up to six (6) months.

For multiple births, each the pre-birth period is extended by two (2) weeks.

An expectant employee, if she likes, may work until three (3) weeks before birth with the consent of doctor. In this case, the periods that she worked prior to birth is added to maternity period after birth.

During pregnancy, the employer is required to provide paid time off for periodic medical visits. Where doctor's reports so indicate, the employer is required to provide the pregnant employee with lighter work.

12.11. Dismissal

Termination by Notice

Either the employer or the employee may terminate an indefinite term employment agreement by giving the required notice. The applicable notice periods are based on the term of the employment, as follows:

Term of Employment	Notice Period
Less than 6 months	2 weeks
6 months to 1 years	4 weeks
1 years to 3 years	6 weeks
Over 3 years	8 weeks

Where employers abuse their right to dismiss employees upon prior notice, for example if the employer dismisses the employee for joining a trade union or dismissal of a whistleblower, in addition to any other rights the employee may have, the employee will be entitled to a compensatory payment of three times the mandatory notice period wages. Where employers abuse their right to dismiss employees the employee shall be entitled to a compensatory payment of three times the mandatory notice period wages. Besides, disobeying the notice period for termination requires compensation.

An employer must show legally permissible grounds to terminate the indefinite employment agreement of the employee who has been employed for at least six (6) months in workplaces employing at least thirty (30) employees.

12.12. Income Tax

Individuals who ordinarily reside in Turkey for more than six (6) months in any calendar year generally considered resident in Turkey and are subject to the payment of personal income taxes on their Turkish and foreign source income. Foreigners who are in Turkey for a fixed term on a temporary mission may be deemed not to be residents although they reside more than six (6) months. However, they may still be subject to taxation on their Turkish source income.

12.13. Social Security

Turkey has an established system of social insurance funded by employer and employee contributions. There are also mandatory pension and unemployment insurance funds. Turkey is party to a number of bilateral social security agreements as well as the multilateral European Social Security Agreement which regulate the terms under which social insurance system applies to foreigners from treaty states. The Social Insurance Law also provides for circumstances in which foreign individuals can choose to be covered by insurance plans of their home jurisdiction.

European Social Security Agreement

Turkey is a party to the European Social Security Agreement. The parties to this treaty are listed in Annex D. Persons working for an employer in one of the contracting states who are sent to work in another contracting state are considered subject to the legislation of the contracting state from which they are sent if their employment does not exceed twelve (12) months and they are not sent to replace other similar employees who completed their term of employment in the receiving state.

Bilateral Social Security Agreements

Bilateral Social Security Agreements are listed in Annex E.

Social Insurance Law

The Social Insurance Law requires mandatory insurance of individuals working in Turkey. The Turkish social insurance funds cover the following types risks:

- workplace injury and work related sickness;
- illness;
- maternity;
- disability, old age and survivor's pensions;
- unemployment.

Premium Rates	Employer	Employee	Government
Workplace injury and work related sickness (rates differ depending on the type of work danger)	1.5 % - 7.5 %	-	-
Illness	6%	5%	-
Maternity	1%	-	-
Disability, old age and survivor's pension (for the employees work underground or in mines higher rates apply)	1%	9%	-
Unemployment	3%	2%	2%
Social security support premium (for senior citizens who continue to work)	22.5%	7.5%	-

12.14. Compensation in Foreign Currency

Compensation is paid in the workplace or in personal account of the employee. If the salary is determined in foreign currency, payment is to be made based on the value of the currency on the date of payment.

12.15. Unions and Work Councils

Laws on Labor Unions and Collective Labor Agreements, Strikes and Lock-outs regulate the operation of labor unions, their representatives, collective labor agreements and industrial action in Turkey. Labor unions operate a sector by sector basis and require minimum representation within the sector and the workplace to be recognized.. Labor unions may not be established on the basis of a profession or a particular workplace. Employee representatives are accorded certain protections from dismissal. An employee is required to be a member of a union to be covered by a collective labor agreement.

13. Competition Rules and Free Movement of Goods

13.1. Competition Rules

As a consequence of Turkey's entry into the EU Customs Union, Turkey adopted a Competition Law modeled on the relevant EU Directives.

The Competition Law prohibits price-fixing, tying and abuse of a dominant market position.

The Competition Law also requires pre-merger approval of mergers or acquisitions that occur in Turkey or that affect the Turkish Market. Entry into a joint venture may trigger such requirements.

The Competition Authority has recently stepped up its efforts and has taken an increasingly active approach to competition matters.

13.2. Public Procurement

In 2002, Turkey took a major step towards improving transparency of its public procurement by adopting a new Public Tender Law. Under this law, all purchases by state agencies and state-owned enterprises over a certain value are subject to prior announcement and a system of bidding or tendering. Certain sectors, such as energy, water, transportation, telecommunications are not covered by the provisions of this law. Certain agricultural and defense requirements are exempt from these rules as well.

Turkey has also established a Public Tender Board to review any appeals of tender awards subject to the Public Tender Law. The Public Tender Board regularly reviews and sometimes cancels tenders on the basis of such appeals.

13.3. EU Customs Union

Turkey has been a member of the EU Customs Union since 1 January 1996. This enables the free movement of most industrial goods from Turkey to countries within the EU customs zone free of Customs duties.

As a result, Turkey has been required to implement the EU common customs tariffs with respect to countries outside this zone.

Unprocessed agricultural products are specifically excluded from these provisions.

13.4. Standardization

As part of the increasing integration of Turkey with the economies of the EU, Turkey has begun implementation of EU product standards. Starting from 2004, CE marks are being accepted by Turkish Customs Authorities for imports in lieu of the Turkish Standards Institute certifications. Turkish Companies are now also able to provide goods with the CE mark, recognized within the EU.

14. Intellectual Property

14.1. Introduction

Industrial property has long been recognized in Turkey, with the earliest legislation dating back to the late 19th Century Ottoman laws, which were substantially supplemented by Turkish laws adopted in 1951.

A modern set of intellectual property laws based on the EU model were adopted in 1995, in conjunction with Turkey's entry into the EU Customs Union, following the establishment in 1994 of the Turkish Patent Institute as the authority to register patents, trademarks and all other registerable intellectual property rights in Turkey.

Turkey has since been updating its legislation to bring it into closer conformity with international standards. A list of Turkish legislation in this area can be found in Annex F.

Turkey a party to a large number of international treaties in this area, including the Madrid Convention, the Nice Agreement, the Paris Convention and TRIPS. A more complete list of such treaties can be found in Annex G.

14.2. Patents

Turkish Patents are regulated by the Decree on the Protection of Patents. Under this decree, patents issued by the Turkish Patent Institute grant exclusive rights to exploit a patent for a period of up to twenty (20) years.

Recent changes extend patent protection to pharmaceutical and veterinary products.

14.3. Copyright

Turkish Copyrights are regulated by the Literary and Artistic Works Law and Cinema Video and Musical Works Law. Under this law, copyrights protect the author for the author's lifetime plus seventy (70) years. Legal entities receive protection of their copyright for seventy (70) years.

Stringent penalties for violation of copyrights have also been adopted in recent years.

14.4. Trademarks

Trademarks and service marks are regulated by the Decree on the Protection of Trademarks and Service Marks. Under this law, Turkey applies a first to file rule.

Trademarks are granted for terms of ten (10) years and is renewable for an unlimited number of ten (10) years terms.

14.5. Industrial Designs and Models

The Decree on the Protection of Industrial Designs regulates the protection of industrial designs and models in Turkey. Under this decree, industrial designs and models can be granted protection for a period of five (5) years, renewable for up to a total of twenty-five (25) years.

14.6. Trade Names

The Turkish Commercial Code recognizes the exclusive right of a legal entity or an enterprise to the use of their trade name. Trade names are registered with the Commercial Registry in the location of the enterprise.

14.7. Trade Secrets

The Turkish Commercial Code protects trade secrets as a means of protection against unfair competition. Disclosure of trade secrets are deemed to breach good faith obligations and create unfair competition. Once disclosed, a trade secret can enter the public domain and can lose its protection.

Where a party suffers damage due to the prohibited disclosure of a trade secret such party can claim compensation.

14.8. Treaties

Turkey is a party to a number of international intellectual property treaties, a list of which can be found in Annex G.

15. Liability

15.1. General

The Turkish Code of Obligations distinguishes between liability that arises under contractual arrangement (contractual liability) and liability that arises as a result of the wrongful act of a party (tort liability).

15.2. Contractual Liability

Remedies; Revising; Waivers; Force Majeure; Consumer Contracts;

Contractual obligations are governed by the rules set out in the Turkish Code of Obligations. Breach of contractual obligations are generally subject to compensation of losses where the breaching party is at fault. Generally a party cannot disclaim liability for intentional fault or gross negligence and agreements to the contrary are not valid.

The Code of Obligations also provides for specific circumstances out of the control of the parties (force majeure) which exempts the affected person from liability.

15.3. Non-Contractual Liability (Wrongful Acts)

Liability for tort is also regulated by the Turkish Code of Obligations. In this event liability arises as a result of a wrongful act, including where a person acted with intent, negligence or a lack of prudence.

For liability to arise in tort, all of the following are usually required:

- the act committed is wrongful;
- the perpetrator is at fault;
- damage occured;
- there is a causal connection between the wrongful act and the damage.

15.4. Pre-Contractual Liability

Turkey recognizes the concept of pre-contractual liability in some cases for persons negotiating agreements who do not consummate them. Care should be taken to avoid incurring good faith type obligations to conclude a contract during negotiations unless this is specifically intended.

15.5. Strict Liability

Liability without fault is another type of non-contractual liability. Wrongful act liability requires the liability of perpetrator in the Turkish Law. However, in some exceptional cases fault is not required for liability to arise from a wrongful act. The mere fact of such occurrence would give rise to liability. Circumstances where these arise include:

- certain employer liability;
- property owner liability;
- environmental liability.

15.6. Damages

Where liability arises the levels of compensation are determined with a view of restoring the position of the party that was harmed and in generally such compensation cannot exceed the amount of damage caused. In addition, damages may be mitigated by any one of the following:

- lesser degree of fault;
- financial circumstance of the person at fault;
- consent of the person harmed;
- contributory fault.

16. Immovable Property

16.1. General

Turkish law recognizes a special category of property rights, called immovable property, that are subject to a special set of rules about how to record and transfer such rights. Immovable property rights are roughly equivalent to what is meant by English speakers when they refer to real property or real estate.

Generally foreigners are permitted to acquire real property in Turkey if their own country permits Turkish citizens to acquire real property or of provided for by treaty. The purchase of real property by foreigners may be restricted in certain areas, such as areas of military significance. In addition, foreign owned Turkish companies can acquire real property.

16.2. Ownership Rights to Immovable Property

Turkey has a system of land registries that maintain records of immovable property. Ownership rights to immovable property are subject to registration with the local office of the land registry.

Transactions that transfer ownership rights to immovable property must generally be in writing and notarized and thereafter registered with the local land registry.

16.3. Limitations on Ownership

Limitations on the ownership of real property by foreigners are provided for in certain Turkish laws. The most important of these are the Village Law and the Militarily Restrictive Zones and Security Intelligence Law. The Village Law restricts the purchase of real property by foreigners if the property is located outside of municipal districts. This would not be relevant for much of the property foreigners would usually be interested in which would be located in cities or other municipal areas or areas contiguous with them.

Foreigners cannot acquire immovable in the militarily restrictive zones and security zones pursuant to the Militarily Restrictive and Security Zones Law (Askeri Yasak Bölgeler ve Güvenlik Bölgeleri Kanunu).

The acquisition of farm land and land outside municipal districts of more than thirty (30) hectares may be acquired by foreigners with the consent of the Council of Ministers. However, this is now put into questions by a recent court decision.

Certain other land outside municipal districts may be acquired pursuant to the Tourism Incentive Law.

17. Dispute Resolution

17.1. The Turkish Court System

The court system in Turkey is composed of two distinct sections:

- the Judicial Courts;
- the Administrative Courts.

The judicial courts are divided into two sections:

- the Civil Courts;
- the Criminal Courts.

Other special purpose courts, such as the Constitutional Court and Military Courts are usually less relevant for foreign investment.

Civil Courts

Civil Courts have subject matter jurisdiction over all civil and commercial law matters unless jurisdiction is specifically allocated to another court.

Turkish Civil Courts cover family law, inheritance and labor law disputes.

Civil Courts of first instance include courts of general jurisdiction which are located in each administrative district of Turkey and special courts of first instance, such as employment courts, which specialize in specific types of civil law matters, or special enforcement review courts that specialize in summary judgment cases in those districts in which they are formed.

The appeal of civil cases is to the Civil Chambers of the Supreme Court and ultimately to the Supreme Court itself.

The Supreme Court (Yargıtay) is the highest court for all civil and criminal matters, but not for administrative or constitutional law matters.

Criminal Courts

Criminal Courts have subject matter jurisdiction over all criminal matters, unless jurisdiction is specifically allocated to another court.

Criminal Courts of first instance include courts of general jurisdiction in each administrative district in Turkey and special courts of first instance, such as state security courts, juvenile courts.

The appeal of criminal cases is to the Criminal Chamber of the Supreme Court and ultimately to the Supreme Court itself.

Administrative Courts

Administrative Courts have subject matter jurisdiction over all administrative matters, unless jurisdiction is specifically allocated to another court.

Actions against administrative agencies relating to their administrative authority (but not commercial acts of those agencies) are reviewed by administrative courts. Tax disputes are a common area covered by the administrative courts. Disputes relating to the provision of public services by concessionaries are subject to administrative courts unless arbitration has been agreed. Recent amendments to the Constitution where required to enable jurisdiction of those disputes to be brought to arbitration, where agreed.

The Council of State (Danıştay) is the highest appeals court for administrative matters.

17.2. Jurisdiction

Jurisdictional Issues

Where it is unclear whether the matter is administrative or commercial in nature, a special court, the Court of Conflicts (outside the two court sections mentioned) determines jurisdiction.

Where issues relate to constitutional law issues, the Constitutional Court has jurisdiction as the highest court of the nation, it does not have jurisdiction over matters that do not have a constitutional issue in dispute. The Constitutional Court also hears cases brought against high officials in the executive branch of government who otherwise enjoy immunity while in office.

Choice of Jurisdiction

Contractual disputes involving a Turkish party may be subject to the jurisdiction of a foreign court selected by the parties, except where public policy or Turkish law require the matter to be heard by Turkish courts. Examples of mandatory jurisdiction are disputes involving the ownership of land, buildings and other immovable property located in Turkey.

Turkish courts do not necessarily recognize the rights of the parties to exclude the jurisdiction of the Turkish Courts in other cases, even if public policy or mandatory statutory jurisdiction is not involved.

Special rules of procedure are established by Turkish law to determine whether Turkish courts have jurisdiction in disputes involving international elements.

17.3. Course of Proceedings

Court Proceedings

Court proceedings are generally commenced by a plaintiff filing a written statement of claim with the clerk of the relevant court and serving the claim against the defendant by process. Thereafter, the defendant submits a written response and, possibly, counterclaims.

Discovery is limited in Turkish proceedings. Court cases are primarily based on a written record of the case and filings of the parties and not on the basis of oral arguments or testimony.

After the filing of briefs, the court will hold a hearing (or a number of hearings if necessary) before deciding the case.

Court cases are time consuming and may be delayed for significant periods of time.

17.4. Summary Proceedings

Summary of Enforcement Actions

The Enforcement and Bankruptcy Law amended on 30 July 2003 and 21 February 2004. Certain types of claims are subject to accelerated enforcement actions. For example, actions for the enforcement of a debt that are represented by a check promissory note or an invoice may be filed with the enforcement offices and must be either denied by filing an objection within ten (10) days or the debt is deemed accepted and a judgment issued. If the debt is denied, the defendant is required to post a payment bond with the court and false denied will be subject to a court penalty in favor of the plaintiff which could amount to 40% of the original claim.

17.5. Pre-Judgment Attachment

Preliminary conditions for the demand of pre-judgment attachment are as follows:

- occurrence of debt which is not provided by pledge;
- existence of a movable or immovable and/or credit belonging to debtor in the debtor or third party.

Pre-judgment attachment is valid where:

- debtor does not have a definite domicile;
- debtor hides his goods, himself or in fraud in order to refrain from paying his debt.

Pre-judgment attachment can only implemented upon a decision of an authorized court.

17.6. Enforcement of Foreign Judgments

Pursuant to provisions of the Law on International Private Law and Procedure, foreign commercial judgments can generally be enforced in Turkey under rules of comity where there is reciprocal recognition of Turkish court resolutions in that jurisdiction.

17.7. Enforcement of Arbitral Awards

Turkey is a party to the 1958 New York Convention on the Enforcement of Foreign Arbitral Awards. Subject to certain exceptions, foreign arbitral awards may enforced in Turkey. The choice of dispute resolution forum by foreign parties who contract with a Turkish party should depend on specific factors affecting their particular transaction.

17.8. Treaties

Turkey is party to a number of bilateral and multilateral international treaties. A list of some of these are listed in the Annexes to this Guide.

Annex A
Free Zones

Zones	Year
Istanbul Ataturk Airport	1990
Istanbul - Leather	1995
ISE Istanbul International Stock Exchange	1997
Istanbul Thrace (Catalca)	1998
Kocaeli	2000
TUBITAK – Marmara Research Center Technology	2000
Bursa	2001
Izmir Menemen - Leather	1998
Aegean	1990
Denizli	2001
Antalya	1987
Mersin	1987
Adana – Yumurtalık	1999
Kayseri	1998
Gaziantep	1999
Mardin	1995
Eastern Anatolia	1995
Trabzon	1992
Samsun	1998
Rize	1998

Annex B
Turkish Membership in Select International Organizations

United Nations (UN) (founding member)	1945
United Nations Educational, Scientific and Cultural Organization(UNESCO)	1945
North Atlantic Treaty Organization (NATO) (founding member)	1952
International Bank for Reconstruction and Development (IBRD – World Bank)	1947
International Monetary Fund (IMF)	1947
Multinational Investment Guarantee Agency (MIGA)	1988
European Bank for Reconstruction and Development (EBRD)	1991
Organization for Economic Cooperation and Development (OECD)	1960
Asian Development Bank (ADB)	1991
Islamic Development Bank (IDB)	♦
Organization of Islamic Conferences (OIC)	1969
World Trade Organization (WTO)	1995
Black Sea Economic Cooperation (BSEC)	1992
Black Sea Development Bank (BSDB)	♦
Council for Europe (CE)	1949
Economic Cooperation Organization (ECO)	1985
International Labor Organization (ILO)	1932
World Health Organization (WHO)	1948
International Finance Corporation (IFC)	1956
European Economic Community –associate membership- (EEC)	1963
Organization for Security and Cooperation in Europe (OSCE)	1995
Euro-Atlantic Partnership Council (EAPC)	1997

Annex C
Tax Treaties

Contracting State	Date of Signature	Official Gazette Date	No.	Entry into Force	Effective Date	Interest (%)	Royalties (%)	Capital Share (%)	Tax Rate (%)	Time Period for Construction (months)
Albania	04.04.1994	05.10.1996	22778	26.12.1996	01.01.1997	10	10	At least 25	5	12
								Less than 25	15	
Algeria	02.08.1994	30.12.1996	22863	30.12.1996	01.01.1997	10	10	-	12	6
Austria	03.11.1970	01.08.1973	14612	24.09.1973	01.01.1974	15	10	At least 25	25	12
								Less than 25	35	
Azerbaijan	09.02.1994	27.06.1997	23032	01.09.1997	01.01.1998	10	10	-	12	12
Bangladesh	31.10.1999	15.12.2003	25317	23.12.2003	01.01.2004	10	10	-	10	12
Belarus	24.07.1996	22.04.1998	23321	29.04.1998	01.01.1999	10	10	At least 25	10	12
								Less than 25	15	
Belgium (3)	02.06.1987	15.09.1991	20992	08.10.1991	01.01.1992	15		At least 10	15	6
								Less than 10	20	
Bulgaria	07.07.1994	15.09.1997	23111	17.09.1997	01.01.1998	10	10	At least 25	10	12
								Less than 25	15	
Croatia	22.09.1997	10.05.2000	24045	18.05.2000	01.01.2001	10	10	-	10	12
Czech Rep.	12.11.1999	15.12.2003	25317	16.10.2003	01.01.2004	10	10	-	10	12
Denmark	30.05.1991	23.05.1993	21589	20.06.1993	01.01.1991	15	10	At least 25	15	6
								Less than 25	20	
Egypt	25.12.1993	30.12.1996	22863	31.12.1996	01.01.1997	10	10	At least 25	5	9
								Less than 25	15	
Finland	09.05.1986	30.11.1988	20005	30.12.1988	01.01.1989	15	10	At least 25	15	6
								Less than 25	20	
France	18.02.1987	10.04.1989	20135	01.07.1989	01.01.1990	15	10	At least 10	15	6
								Less than 10	20	
Germany	16.04.1985	09.07.1986	19159	31.12.1989	01.01.1990	15	10	At least 10	15	6
								Less than 10	20	
Greece	02.12.2003	02.03.2004	25390	05.03.2004	01.01.2005	12	10	-	15	10(11)6(12)
Hungary	10.03.1993	25.12.1994	22152	09.11.1995	01.01.1993	10	10	At least 25	10	12
								Less than 25	15	
India	31.01.1995	30.12.1996	22863	30.12.1996	01.01.1994	10 (5) 15 (9)	15	-	15	
Indonesia	25.02.2000	15.02.2000	24045	18.05.2000	01.01.2001	10	10	At least 25	10	6
								Less than 25	15	
Israel	14.03.1996	24.05.1998	23351	27.05.1998	01.01.1999	10	10	-	10	12
Italy	27.07.1990	09.09.1993	21693	01.12.1993	01.01.1994	15	10	-	15	6
Japan	08.03.1993	13.11.1994	22110	28.12.1994	01.01.1995	10(7)15(9)	10	At least 25	10	6
								Less than 25	15	
Jordan	06.06.1985	15.07.1986	19165	03.12.1986	01.01.1987	10	12	At least 25	10	6
								Less than 25	15	
Kazakhstan	15.08.1995	08.11.1996	22811	18.11.1996	01.01.1997	10	10	-	10	12
Kuwait	06.10.1997	28.11.1999	23890	13.12.1999	01.01.1997	10	10	-	10	9
Kyrgyzstan	01.07.1999	12.12.2001	24611	20.12.2001	01.01.2002	10	10	-	10	15
Latvia	09.01.1998	22.12.2003	25324	23.12.2003	01.01.2004	10	5(13)10(9)	-	10	9
Lithuania	24.11.1998	10.05.2000	24045	17.05.2000	01.01.2001			10 5-10	10	9
Macedonia	16.06.1995	07.10.1996	22780	28.11.1996	01.01.1997	10	10	At least 25	5	24
								Less than 25	10	
Malaysia	27.09.1994	30.12.1996	22863	31.12.1996	01.01.1997	15	10	At least 25	10	9
								Less than 25	15	
Moldavia	25.06.1998	25.07.2000	24120	28.07.2000	01.01.2001	10	10	At least 25	10	12

Contracting State	Date of Signature	Official Gazette Date No.	Entry into Force	Effective Date	Interest (%)	Royalties (%)	Capital Share (%)	Tax Rate (%)	Time Period for Construction (months)
							Less than 25	15	
Mongolia	12.09.1995	30.12.1996 - 22863	30.12.1996	01.01.1997	10	10	-	10	24
Netherlands[2]	27.03.1986	22.08.1988 - 19907	30.09.1988	01.01.1989	10[8] 15[9]	10	At least 25	15	6
							Less than 25	20	
Norway	16.12.1971	21.12.1975 - 15445	30.01.1976	01.01.1977	15	10	At least 25		6
							in Turkey	25	
							in Norway	20	
							Less than 25		
							in Turkey	30	
							in Norway	25	
Pakistan	14.11.1985	26.08.1988 - 19911	08.08.1988	01.01.1989	10	10	At least 25	10	6
							Less than 25	15	
PR China	23.05.1995	30.12.1996 - 22863	30.12.1996	01.01.1997	10	10	-	10	12
Poland	03.11.1993	30.12.1996 - 22863	01.04.1997	01.01.1998	10	10	At least 25	10	12
							Less than 25	15	
Romania	01.07.1986	21.08.1988 - 19906	15.09.1988	01.01.1989	10	10	-	15	6
Russia	15.12.1997	17.12.1999 - 23909	31.12.1999	01.01.2000	10	10	-	10	18
Saudi Arabia[1]	11.01.1989	02.07.1990 - 20566	09.08.1990	01.01.1987	NA	NA		NA	NA
Singapore	09.07.1999	18.07.2001 - 24466	27.08.2001	01.01.2002	7.5[7] 10[9]	10	At least 25	10	6
							Less than 25	15	
Slovak Rep.	02.04.1997	03.10.1999 - 23835	02.12.1999	01.01.2000	10	10	At least 25	5	12
							Less than 25	10	
Slovenia	09.04.2001	23.12.2003 – 25325	23.12.2003	01.01.2004	10	10	-	10	12
South Korea	24.12.1983	02.10.1985 - 18886	25.03.1986	01.01.1987	10[8] 15[9]	10	At least 25	15	6
							Less than 25	20	
Spain	05.07.2002	18.12.2003 - 25320	18.12.2003	01.01.2004	10[14] 15[9]	10	For Turkey		6
							At least 25[10]	5	
							Other	15	
							For Spain		
							At least 5	5	
							Other	15	
Sudan	26.08.2001	17.09.2003 - 25232	14.10.2003	01.01.2004	10	10	-	10	18
Sweden	21.01.1988	30.09.1990 - 20651	18.11.1990	01.01.1991	15	10	At least 25	15	6
							Less than 25	20	
Syria	06.01.2004	28.06.2004 - 25506	21.08.2004	01.01.2005	10 15[15]	10[16]	-	10	9
T.R.N.C	22.12.1987	26.12.1988 - 20031	30.12.1988	01.01.1989	10	10	At least 25	15	6
							Less than 25	20	
Tajikistan	06.05.1996	24.12.2001 - 24620	26.12.2001	01.01.2002	10	10	-	10	24
Tunisia	02.10.1986	30.09.1987 - 19590	28.12.1987	01.01.1988	10	10	At least 25	12	6
							Less than 25	15	
Turkmenistan	17.08.1995	13.06.1997 - 23018	24.06.1997	01.01.1998	10	10	-	10	45
UAE[4]	29.01.1993	27.12.1994 - 22154	26.12.1994	01.01.1995	10	10	At least 25	10	12
							Less than 25	12	
Ukraine	27.11.1996	22.04.1998 - 23321	29.04.1998	01.01.1999	10	10	At least 25	10	12

Contracting State	Date of Signature	Official Gazette Date No.	Entry into Force	Effective Date	Interest (%)	Royalties (%)	Capital Share (%)	Tax Rate (%)	Time Period for Construction (months)
							Less than 25	15	
UK	19.02.1986	19.10.1988 - 19964	25.10.1988	01.01.1989	15	10	At least 25	15	6
							Less than 25	20	
USA	26.03.1996	31.12.1997 - 23217	19.12.1997	01.01.1998	10(6) 15(9)	10-5	At least 10	15	6
							Less than 10	20	
Uzbekistan	08.05.1996	07.09.1997 - 23103	30.09.1997	01.01.1997	10	10	-	10	36

FT1 This Agreement covers only air transportation activities.

FT2 Under the provisions of Protocol, 15 percent tax rate shall be lowered to 5 percent for the Netherlands or 10 percent for Turkey as long as dividend received by a Dutch resident company from Turkish resident company is not subject to tax in the Netherlands.

FT3 Under the provisions of Protocol, 15 percent tax rate shall be lowered to 5 percent for Belgium or 10 percent for Turkey as long as dividend received by a Belgium resident company from Turkish resident company is not subject to tax in Belgium.

FT4 The dividends shall be taxed at a maximum rate of 5 percent if dividends received by the government or a public institution which is wholly owned by the government or its political subdivisions or local authorities.

FT5 If paid by bank or financial institution.

FT6 If paid by bank, saving or financial institution or insurance company.

FT7 If received from financial institution.

FT8 For loans exceeding 2 years.

FT9 All other cases.

FT10 Specified sources.

FT11 For construction, erection, project supervision.

FT12 Less than 6 months in any 12 month period for project development including consulting services.

FT13 Industrial, trade and scientific, etc.

FT14 Bank credits or trade or equipment finance.

FT15 For patent, design rights, etc.

FT16 For cinema, film, radio, etc.

Note: Does not list prior treaties.
Source: Turkish Tax Authority

Annex D
Parties to the European Social Security Agreement

Austria
Belgium
Cyprus
Denmark
France
Germany
Iceland
Ireland
Italy
Luxembourg
Malta
The Netherlands
Norway
Sweden
Switzerland
Turkey
United Kingdom

Annex E
Bilateral Social Security Treaties

Austria
Belgium
Germany
France
TRNC
Macedonia
United Kingdom
The Netherlands
Libya
Romania
Switzerland
Denmark
Sweden
Norway
Canada
Albania
Georgia
Azerbaijan
Bosnia Herzegovina

Annex F

Turkish Governing Legislation Intellectual Property

- Decree No. 544 on the Establishment and Missions of the Turkish Patent Institute;
- Decree No. 556 on the Protection of Trademarks and Service Marks dated 1951, as amended on 7 June 1995 and 3 March 2001;
- Decree No. 551 on the Protection of Patents dated 24 June 1995;
- Decree No. 554 on the Protection of Industrial Designs dated 24 June 1995;
- Decree No. 555 on the Protection of Geographical Legends, dated 24 June 1995;
- EU Agreements and TRIPS provisions of the World Trade Agreement;
- Literary and Artistic Works Law;
- Cinema, Video and Musical Works Law.

Annex G
International Intellectual Property Treaties

Convention or Treaty	Since
IP Protection	
Berne Convention (Literary and Artistic Works)	January 1952
Brussels Convention (Convention Relating to the Distribution of Programme-Carrying Signals Transmitted by Satellite)	No
Film Register Treaty (Treaty on the International Registration of Audiovisual Works)	No
Madrid Agreement (False or Deceptive Indications of Source on Goods)	August 1930
Nairobi Treaty on the Protection of the Olympic Symbol	No
Paris Convention for the Protection of Industrial Property	October 1925
PLT (Patent Law Treaty)	June 2000
Convention for the Protection of Producers of Phonograms Against Unauthorized Duplication of Their Phonograms	No
Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations	April 2004
Trademark Law Treaty	January 2005
Washington Treaty on Intellectual Property in Respect of Integrated Circuits	No
WIPO Copyright Treaty	No
WIPO Performances and Phonograms Treaty	No
Global Protection System	
Budapest Treaty (Deposit of Micro-organisms)	November 1998
Hague Agreement (International Deposit of Industrial Designs)	January 1999
Lisbon Agreement for the Protection of Appellations of Origin and their International Registration	No
Madrid Agreement Concerning the International Registration of Marks	March 1999
Madrid Protocol (International Registration of Marks)	March 1999
Patent Cooperation Treaty (PCT)	January 1952
Classification	
Locarno Agreement (International Classification for Industrial Designs)	November 1998
Nice Agreement (International Classification of Goods and Services)	January 1996
Strasbourg Agreement (International Patent Classification)	October 1996
Vienna Agreement (International Classification of the Figurative Elements of Marks)	January 1996
Other	
Convention Establishing the World Intellectual Property Organization	May 1976
TRIPS Agreement (WTO)	March 1995
European Patent Convention	November 2000

Annex H
Bilateral Investment Protection Treaties

Country	Date of Signature	Date of Entry into Force
Albania	01 June 1992	♦
Algeria	03 June 1998	...
Argentina	08 May 1992	01 May 1995
Austria	16 September 1988	01 January 1992
Azerbaijan	09 February 1994	♦
Bangladesh	12 November 1987	21 June 1990
Belarus	08 August 1995	20 February 1997
Belgium / Luxembourg	27 August 1986	04 May 1990
Bosnia and Herzegovina	21 January 1998	♦
Bulgaria	06 July 1994	19 September 1997
Chile	21 August 1998	...
China	13 November 1990	19 August 1994
Croatia	12 February 1996	21 April 1998
Cuba	22 December 1997	♦
Denmark	07 February 1990	01 August 1992
Egypt	04 October 1996	10 July 1999
Estonia	03 June 1997	3 March 1998
Ethiopia	16 November 2000	...
Finland	13 May 1993	12 April 1995
Georgia	30 July 1992	28 July 1995
Germany	20 June 1962	16 December 1965
Greece	20 January 2000	♦
Hungary	14 January 1992	01 March 1995
India	17 September 1998	...
Indonesia	25 February 1997	3 March 1998
Iran, Islamic Republic of	21 December 1996	7 May 2004
Israel	14 March 1996	27 August 1998
Italy	22 March 1995	...
Japan	12 February 1992	12 March 1993
Jordan	02 August 1993	...
Kazakhstan	01 May 1992	10 August 1995
Korea, Republic of	14 May 1991	04 June 1994
Kuwait	27 October 1988	25 April 1992

Country	Date of Signature	Date of Entry into Force
Kyrgyzstan	28 April 1992	31 October 1996
Latvia	18 February 1997	03 March 1999
Lithuania	11 July 1994	07 July 1997
Macedonia, FYR	09 September 1995	27 October 1997
Malaysia	26 February 1998	♦
Moldova	14 February 1994	31 July 1996
Mongolia	16 March 1998	♦
Morocco	08 April 1997	...
Netherlands	27 March 1986	01 November 1986
Nigeria	08 October 1996	...
Pakistan	16 March 1995	♦
Philippines	22 February 1999	9 October 2003
Poland	21 August 1991	19 August 1994
Portugal	19 February 2001	9 October 2003
Qatar	25 December 2001	...
Romania	24 January 1991	17 April 1996
Russian Federation	15 December 1997	♦
Serbia and Montenegro	02 March 2001	...
Slovakia	09 October 2000	♦
South Africa	23 June 2000	...
Spain	15 February 1995	03 March 1998
Sudan	19 December 1999	...
Sweden	11 April 1997	08 October 1998
Switzerland	03 March 1988	21 February 1990
Tajikistan	06 May 1996	30 July 1997
Tunisia	29 May 1991	07 February 1993
Turkmenistan	02 May 1992	13 March 1997
Ukraine	27 November 1996	21 May 1998
United Kingdom	15 March 1991	22 October 1996
United States	03 December 1985	18 May 1990
Uzbekistan	28 April 1992	18 May 1995
Yemen	07 September 2000	...

Source: UNCTAD; ICSID, US Embassy

Annex I
Social Security Treaties

	Period (month)	Extension (month)
Germany	Unlimited	Unlimited
Austria	24	Not Applicable
Belgium	12	Unlimited
United Kingdom	Unlimited	Unlimited
Denmark	Unlimited	Unlimited
France	36	Unlimited
The Netherlands	24	Unlimited
Sweden	24	Unlimited
Switzerland	24	Unlimited
North Cyprus	24	Unlimited
Liberia	Unlimited	Unlimited
Macedonia	24	Up to 60 months
Norway	12	Unlimited
Romania	24	Up to 60 months

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