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Данная версия руководства на английском языке. Чтобы получить версию на русском языке, свяжитесь с нами по адресу info@sanap.co

RELOCATION GUIDE TO TURKEY

FOR RUSSIAN COMPANIES AND CITIZENS

SANAP & CO.

www.sanap.co

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The information provided in this guide is general and does not constitute financial, taxative, or legal advice. While every effort has been taken to ensure the accuracy of this guide, the editors and authors accept no responsibility for any inaccuracies or omissions contained herein. Financial, taxative, or legal advice should always be sought before engaging in any transaction or taking any legal action based on the information provided.

Should you have any queries regarding the issues raised and/or about other legal topics, please contact us at **info@sanap.co**.

All information in this guide is up to date as of 21.04.2022.

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SANAP & CO.

COMPANY

OVERVIEW

Sanap & Co. is a boutique law firm based in Istanbul providing legal services to a wide range of foreign and domestic companies and individuals.

Sanap & Co., in order to provide its clients with premium services, houses a number of top skilled experts both from the practice and the academy.

Sanap & Co. also owns Legaling, the first and only legal terminology database of Turkey created by a team of 20 legal experts and engineers, with key customers from among the top-ranking universities and other leading law firms in Turkey. Thanks to the presence of Legaling, Şanap & Co. can conveniently incorporate a business mindset and legal mindset and provide its clients with 360-degree solutions.

Please visit our website for detailed information about our team.

PRACTICE AREAS

- Corporate Law
- Startup Law
- Tax Law
- Contracts Law
- Labour Law
- Migration Law
- Foreign Direct Investments
- Real Estate
- Sports Law
- Criminal Law
- IT Law
- Personal Data Protection Law
- Dispute Resolution
- Arbitration



Sanap & Co. was granted with "Law Firm of the Future Jury Special Prize" by European Bars Federation in 2019 across the whole Europe.

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FOR COMPANIES

Turkey, with its highly developed banking system, young and skilled labor force, and the ideal location to provide services to European, Asian, African and Middle Eastern markets is the go-to stop for a lot of foreign enterprises. The legal framework is also shaped in a manner to facilitate the relocation process of foreign companies and startups.

COMPANY TYPES IN TURKEY

Turkish legal system primarily allows for the incorporation of six different forms of company with varying advantages and disadvantages for the owners.

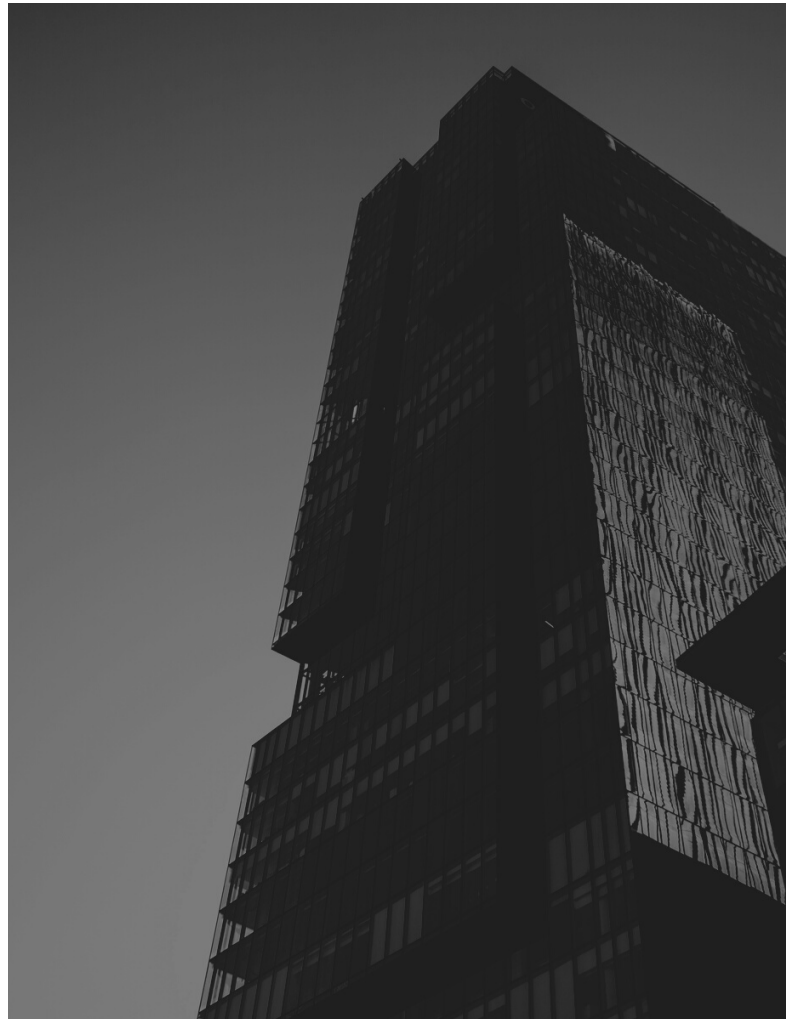
The major two forms of companies that provide limited liability for the shareholders are

- Joint Stock Companies
- Limited Liability Companies

For the same reason, these are also the types of companies highly preferred by foreign investors.

The two types of companies differ from each other on fronts such as the required amount of capital contribution for incorporation, the liability of the shareholders against taxes, ease of share transfer, etc.

Incorporating a company takes on average 3 to 4 days. Based on the company type you would like to incorporate, the expenses can take up to TRY3,500 (appx. 20,000 Russian Rubles).



ALTERNATIVES TO INCORPORATING A COMPANY

If you prefer not to set up a company in Turkey, you can still establish a

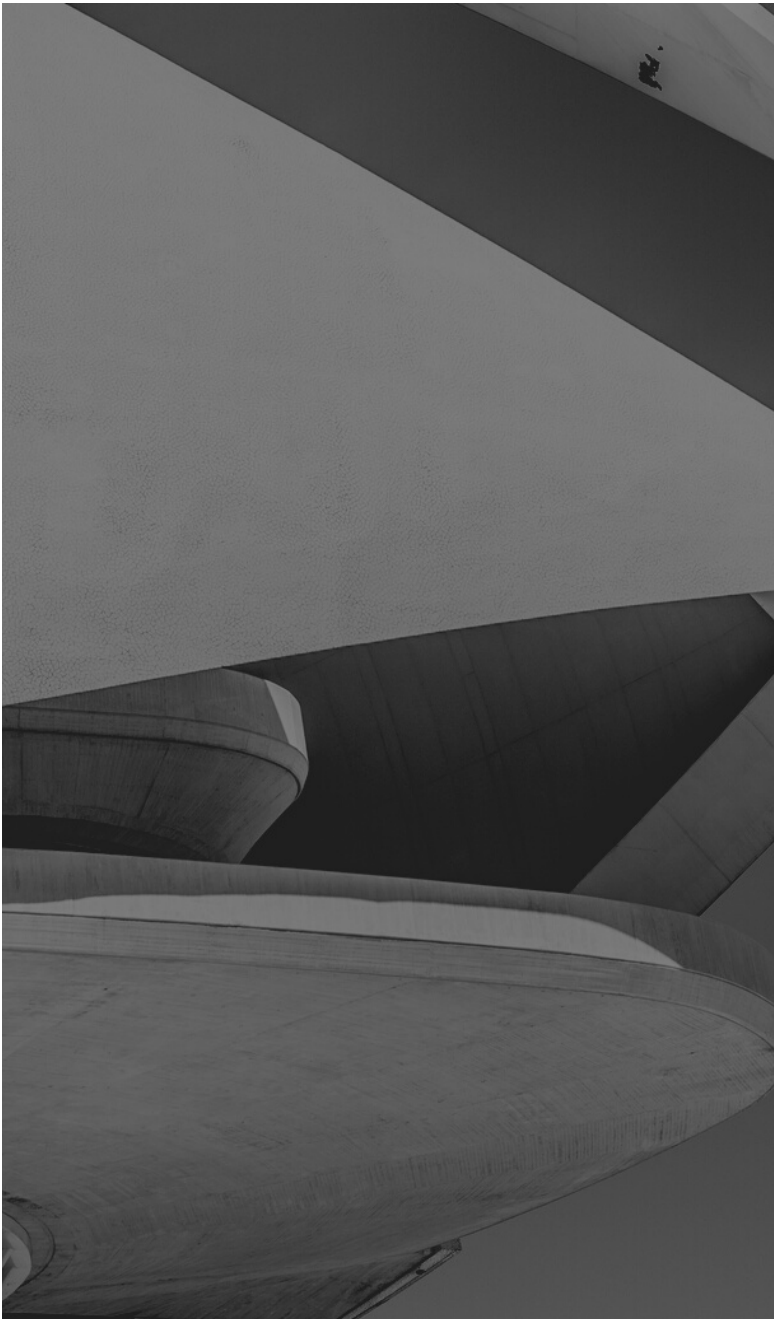
- Joint venture,
- Branch or
- Liaison Office

to conduct certain commercial or marketing activities.

INCENTIVES FOR FOREIGN DIRECT INVESTMENTS

There are a lot of incentives for foreign investors under Turkish law. Based on various factors such as whether the company focuses on medium-high tech, in which city the investments will be made, how much money will be invested, and whether the investment will be made in one of the prioritized areas, etc, you may;

- be fully exempt from VAT and customs duty on the machinery and equipment to be purchased
- be partially or fully exempt from corporate tax of %23 (will be %20 as of 2023)
- be partially or fully exempt from paying the social security premiums of the employees
- be allocated land for investment
- be covered for high-skilled employee wages
- be partially covered for energy expenditures
- be supported up to 49% of the subscribed capital by the government
- be provided with a purchasing guarantee by the government
- be provided with cash support
- be provided with training support
- be provided with loans with reduced rates
- be exempt from property tax
- be exempt from stamp duty
- be exempt from special consumption tax
- be provided with tailor-made incentives



ARE YOU A STARTUP, AN R&D OR TECH COMPANY?

Turkey is a country highly preferred by startup companies and tech companies from all over the region. In the first quarter of 2022 only, startups in Turkey received around 1,25 billion dollars of investment. With this achievement, Turkey joined the same league as England, France, and Germany on a quarterly basis.

Startups, R&D companies, and tech companies may enjoy a lot of advantages and government incentives in Turkey.

As a company, you can apply for one of the more than 1500 R&D and design centers or around 90 technoparks.

R&D CENTERS

If you are an R&D or a tech company with R&D activities, you may apply for an R&D Center. Upon admission,

- your R&D and design expenditures become wholly deductible from the corporate tax base
- your employees will be exempt from income tax
- you will be partially exempt from paying the social security premiums of your employees
- you will be exempt from customs duty for machinery and equipment to be supplied from abroad

TECHNOPARKS

If you are a startup, R&D, or tech company with R&D activities, you may apply for a Technopark with a project which simply can be the product that you are developing.

Upon admission to a technopark, in relation to your project;

- you will be exempt from corporate tax of %23 (will be %20 as of 2023)
- your employees will be exempt from income tax
- you will be partially exempt from paying the social security premiums of your employees
- you are exempted from value-added tax on the services/products you sell
- you will be exempt from customs duty for machinery and equipment to be supplied from abroad
- employing foreign citizens becomes relatively easier

In a technopark, you may also be provided with free or discounted rents for very well equipped office rooms and buildings, inhouse experts and mentors from different fields such as intellectual property, business development, marketing, etc. which can help your business grow for free.

Likewise, the technoparks regularly bring companies with investors and other companies together for partnership and investment opportunities.

Our subsidiary company, Legaling, is also a technopark company. Therefore as Sanap & Co. we are highly familiar with the processes before and after admission to a technopark. We would also love to share our contacts and network in various technoparks, when you need.

WHY SHOULD YOU INVEST IN TURKEY?

EU AND CUSTOMS UNION

Turkey is a candidate country to EU. Therefore, it has undergone a lot of harmonization processes. Its legislation and bureaucratic structure are aligned with the EU, ensuring foreseeability for investors.

Turkey is part of the customs union with the EU, allowing the free movement of goods without any customs barriers.

Low labor costs also provide a unique opportunity for multinational firms.

STRATEGIC POSITION

With its critical location in the middle of Asia, Europe, Africa and the Middle East and its developed transportation and communication systems, Turkey offers a highly convenient spot for many multinational companies for managing their commercial activities in adjacent regions. For this reason, many multinational companies and startups like Coca-Cola, Mercedes, Peak Games, Alibaba, etc. have establishments in Turkey.

STRONG RELATIONS WITH RUSSIA

Turkey has always been one of the countries with the strongest business and political relations with Russia.

The Double Tax Treaty between the two countries prevents the double taxation of any income accrued in one country, in the other.

Russian citizens are exempt from visa for their stays in Turkey for up to 60 days.

RULE OF LAW

Turkey is a secular, civil law country with a developed judicial system. Moreover, there are a lot of private experts in various fields who can help you with any legal or financial matter.

Should you request, you can also always refer your disputes to domestic or international arbitration. Our team at Sanap & Co. would be happy to help you with any of your disputes of any nature.

FOR INDIVIDUALS

Turkey provides a lot of unique opportunities and facilities for foreign individuals. It is chosen by millions of foreigners and expats each year both as a touristic destination and a place to abide for a long time.

Turkey is among the top 10 countries in the world which is visited by the highest number of tourists and expats. Among the foreign visitors to Turkey, Russian citizens top the list.

HOW TO GET RESIDENCE PERMIT IN TURKEY

Russian citizens are exempt from visa for their stays in Turkey for up to 60 days. If you would like to stay in Turkey for a term longer than 60 days or exceeding the term granted in your visa, you should receive a residence permit. There are primarily six types of residence permits under Turkish law:

- Short term
- Long term
- Family
- Student
- Victim of human trafficking
- Humanitarian residence permit

Applications are made to Immigration Office (Göç İdaresi) online, followed by a face-to-face appointment with the same authority.

Based on the category of application, the documents to file may be among these:

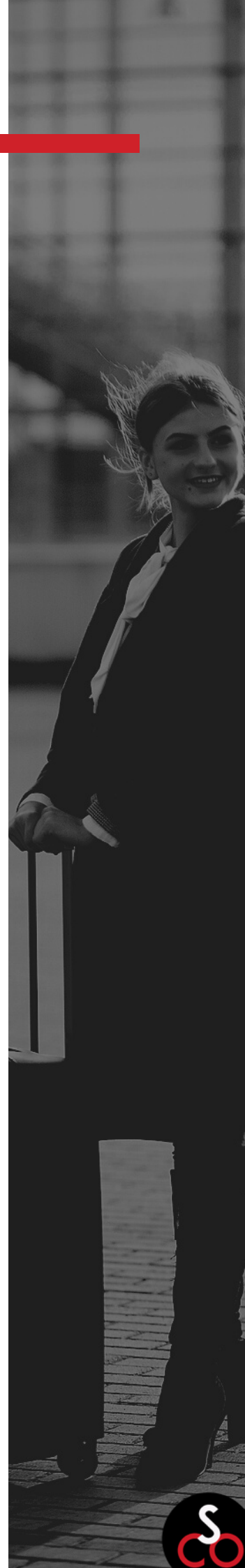
- Application form
- Passport
- 4 biometric photos
- Proof of financial eligibility
- Health insurance policy

However, additional documents may as well be requested by the Immigration Office based on each case.

During the application, there are expenses related to health insurance, notarization fees, application fees, etc. Although the total expenses vary based on various factors, it should not ideally exceed TRY 3,500 (appx. 20,000 Russian Rubles) excluding the attorney's fee.

The application is concluded in 90 days at most, although on average it takes much shorter.

The application process can be quite confusing and challenging for a foreigner. Likewise, the rules of application change very often. Therefore make sure to pursue the process with the help of a lawyer if you do not want to lengthen the process or incur unnecessary costs. Our team of experts at Sanap & Co. can help you with all of your relocation processes.



HOW TO GET CITIZENSHIP IN TURKEY

It is possible to receive Turkish citizenship through multiple means.

The means of nationalization in Turkey can be primarily condensed into two categories.

- Acquiring citizenship through the passage of time
- Acquiring citizenship through investments

NATIONALIZATION THROUGH THE PASSAGE OF TIME

Foreigners can acquire Turkish citizenship through the passage of time primarily in two ways.

- By being a resident of Turkey for at least five years
- By being married to a Turkish citizen for at least three years

NATIONALIZATION THROUGH INVESTMENTS

It is also possible to acquire Turkish citizenship without having to wait for a long time via directly making investments. There are different forms of investment that an individual can choose among from.

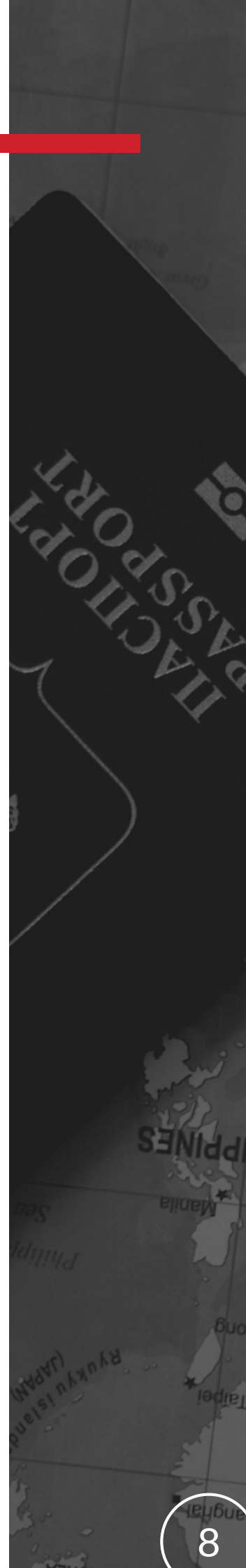
- Making an investment of \$500,000 as capital to a company
- Buying real estate for a value of at least \$400,000
- Employing at least 50 people in Turkey
- Depositing at least \$500,000 at a bank in Turkey for a term of at least 3 years
- Buying government bills, bonds, or other governmental debt instruments with a value of at least \$500,000 and keeping them for at least 3 years.
- Investing at least \$500,000 in a real estate fund or a venture capital fund for a term of at least 3 years.

The said amounts can as well be invested in the equivalent amount of Russian Rubles or other foreign currencies.

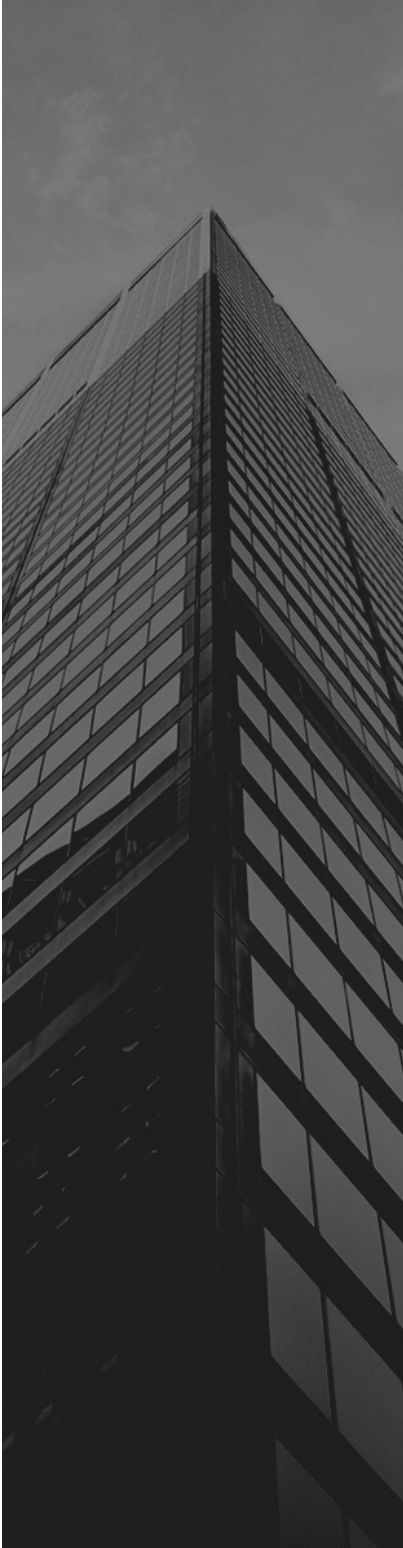
The time necessary for making the said investments, collecting and drafting the necessary documents and making the application can take from 4 to 12 months.

However, you can spend this time in Turkey if you have a residence permit which you can receive in less than 90 days. It should also be reminded that there is no need for a visa for the first 60 days either.

The application process can be quite confusing and challenging for a foreigner. Therefore make sure to pursue the process with the help of a lawyer if you do not want to lengthen the process or incur unnecessary costs. Our team of experts at Sanap & Co. can help you with all of your relocation processes.



CONTACT US



SANAP & CO.

As Sanap & Co., we provide you with a reliable business partner in Turkey. As a boutique law firm, we do not only provide you with our extensive legal knowledge, but also our market know-how and wide network. With our background rooted in legal practice, academy, and commerce, we make sure to provide you with a 360 degrees perspective.

Please feel free to reach out to us in any legal matter. Even in areas falling outside our areas of expertise, we would be happy to direct you to other reliable business partners for no cost.

You may always reach us at the below email address. We ideally respond to all service requests within 24 hours.

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