GÜN + PARTNERS

Kore Şehitleri Cad. 17 Zincirlikuyu 34394 İstanbul, Turkey

T: +90 (212) 354 00 00 F: +90 (212) 274 20 95 E: gun@gun.av.tr

www.gun.av.tr

The Necessity to Convert the Additional Workplaces into Branches or Close Them Down

Before the Turkish Commercial Code numbered 6102 and dated 01.07.2012 (the "**new TCC**") came into effect, the "additional workplace" practice was present, and accordingly, companies used to register their warehouses or offices, which are outside the headquarters, as additional workplaces before the trade registry.

However, with the new TCC coming into effect, the "additional workplace" practice was replaced by the "branch" organization, and with the secondary legislation, a branch was defined as "every place and commercial store that can operate its industrial or commercial activity by itself, regardless of whether it has an independent capital or accounting". Although there was no legislative basis for additional workplace practice anymore; some companies in practice established additional workplaces without any registration by simply making a notification to their respective tax authorities. Therefore, today, there are active additional workplaces that were either established by registration before the new TCC or without any registration in the new TCC regime. Although it is legally recommended to re-register these additional workplaces as branches since the concept of the additional workplace is not defined under the new TCC, most of the companies did not take any actions regarding the additional workplaces established in the past.

That being said, the trade registry directorates have recently started to send notifications to the companies having additional workplaces registered before the new TCC and, with the assumption that these additional workplaces are still operating, requested from companies either to re-register the additional workplaces as branches or to close them down. In these notifications, the directorates highlighted that:

• every workplace and commercial store where industrial or commercial activities are realised are subject to be registered as branches, however,

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 warehouses, liaison offices, etc., where sale or production activities are not conducted nor any industrial or commercial activity is carried out, are not subject to registration

and requested from companies having additional workplace to take the following actions:

- If the additional workplace is not active, the trade registry records shall be cancelled as there is no need to convert this additional workplace into a branch.
- If the additional workplace is active but is operating as a warehouse, liaison office, etc., where sale or production activities are not conducted nor any industrial or commercial activity is carried out, then the trade registry records shall be cancelled for this additional workplace.
- If the additional workplace is active and is operating as a factory, workshop, store etc. where either a sale or production activities are conducted or industrial or commercial activities are realised, then this additional workplace shall be converted into a branch.

In case the additional workplace is to be closed down, a notarised resolution of the competent body will be needed, and an application will be made to the trade registry by paying a cancellation fee for the additional workplace the trade registry records of which will be cancelled.

On the other side, if the additional workplace is to be converted into a branch:

- If there are no changes in the address of the previously registered additional workplace, and if the representatives enjoying unlimited authority in the headquarters will be also the representatives of the branch with the same authority, then there will be no need for an extra fee or any other announcement fees and signing a declaration form will suffice.
- However, (i) if there is any change in the additional workplace address, (ii) if only some of the representatives in the headquarters will be given representative authority in the branch, (iii) if the branch representative

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will be someone other than the ones in the headquarters, or (iv) if the representatives in the headquarters will be appointed as branch representatives but with different authorities, then the competent body shall take a resolution and change fee shall be paid accordingly.

For the compliance with the aforementioned steps, starting from the notification date, 30 days were granted to the companies having additional workplace. However, then this period is prolonged to February 28, 2022. It is stated that an administrative sanction will be implemented if the necessary actions will not be taken within this period.

As seen, by detecting the previously registered additional workplaces, the trade registry granted a period for these additional workplaces to be converted into branches or to be completely closed down. However, as mentioned above, there are additional workplaces established without any registration after the new TCC was in effect. Although it is not possible for these additional workplaces to be detected by the trade registries at the moment, in the case of any inspection, the additional workplaces will also have to be organised as branches or be closed down. For this reason, even if no notification has been sent by the trade registries, it would also be appropriate for the additional workplaces, that were established after the new TCC and were not registered before the trade registry, to be converted into branches or closed down, by evaluating whether these additional workplaces are active or not and whether they carry out any sort of production, sales, industrial or commercial activities, as explained in detail above.