

# Amendments To Commercial Code Introduced

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The Law amending Certain Laws to Improve the Investment Environment was published in the *Official Gazette* on March 10, 2018 with different enforcement dates for the various amendments. Although the law introduced amendments to the Tax Procedural Law, the Cooperatives Law, the Customs Law and the Law on Fees, this update focuses on the amendments to the Commercial Code.

## Amendments

An effort was made to harmonise related legislation through changes to the Communique Charter and the General Communique on Tax Procedural Law, which were introduced on March 13, 2018 and March 21, 2018, respectively. The Law amending Certain Laws to Improve the Investment Environment and the additional amendments incorporated into the Communique Charter and the General Communique on Tax Procedural Law aim to standardise and simplify incorporation procedures.

## Key changes

The amendments introduced to the Commercial Code and other related legislation are expected to result in a move towards using trade registries in the incorporation procedure, which should accelerate the process. The amendments include the following:

- Previously, statements of signature and articles of association for joint stock companies and company agreements for limited liability companies could be:
  - signed before a notary public and submitted to a trade registry; or
  - signed directly before a trade registry.

However, the Law amending Certain Laws to Improve the Investment Environment has abolished the possibility of signing a statement of signature or a company agreement for limited liability companies before a notary public. No similar amendment has been introduced for joint stock companies. As regards statements of signature, under the subsequent amendments to the Communique Charter, a signatory who is also a company founder is no longer required to submit a statement of signature if the articles of association or company agreement are signed by the founder, or by proxy, before a trade registry, provided that the original power of attorney is submitted to the relevant trade registry in the latter case.

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- According to amendments introduced by the Law amending Certain Laws to Improve the Investment Environment and the General Communiqué on Tax Procedural Law, the approval of company books as part of the incorporation process of joint stock and limited liability companies must be performed by the trade registry where the company's headquarters are located. Before the amendments came into force, the approval of such company books could also be performed by a notary public.
- The Law amending Certain Laws to Improve the Investment Environment abolished the obligation to pay at least 25% of the nominal value of capital to the relevant trade registry for a capital subscription in cash before the registration of a limited liability company. However, the law introduced no similar amendment to the Commercial Code for joint stock companies.
- In addition to the amendments introduced regarding the incorporation process, an amendment concerning general assembly meetings for joint stock companies has been introduced. As a result, the Law amending Certain Laws to Improve the Investment Environment has abolished the Commercial Code's articles regarding organ representatives, independent representatives and corporate representatives, which used to require burdensome and time-consuming procedures.

***This article aims to endow the reader with a general outline about its subject matter. Each individual case should be evaluated according to its circumstances.***