

CLIENT ALERT

CORPORATE | TURKEY

DECEMBER 2022

NEW THRESHOLDS FOR THE DETERMINATION OF THE COMPANIES SUBJECT TO INDEPENDENT AUDIT

The Presidential Decision No 6434 on the Determination of Companies Subject to an Independent Audit (the "**Decision**") published in Official Gazette No 32029 dated 30 November 2022 sets out new thresholds for determining the companies subject to an independent audit.

New Thresholds

With the Decision, the requirements for companies to be subject to an independent audit as of 1 January 2023 have been re-determined. All companies that exceed the threshold values of at least two of the following three criteria for at least two consecutive financial years will be subject to an independent audit under the provisions of the Turkish Commercial Code No 6102 and the Statutory Decree on the Organisation and Responsibilities of the Public Oversight, Accounting and Auditing Standards Authority:

	Total Assets	Annual Net Sales	Number of Employees
Companies whose capital market instruments are not traded on stock exchange markets, but are considered as a public company under the Capital Markets Law	TRY 30 million (previously: TRY 15 million)	TRY 40 million (Previously: TRY 20 million)	50 people (previously: 50 people)
Companies Specified in List number II, annexed to the Decision¹	TRY 60 million (previously: TRY 30 million)	TRY 80 million (previously: TRY 40 million)	100 people (previously: 125 people)
Companies not meeting the above criteria	TRY 75 million (previously: TRY 35 million)	TRY 150 million (previously: TRY 70 million)	150 people (previously: 175 people)

¹ List Number II

- Companies in which at least 25% of the share capital directly or indirectly belongs to public professional organisations, trade unions, associations, foundations, cooperatives and their supreme organisations.
- Companies that publish daily newspapers nationwide.
- Companies subject to the regulation and supervision of the Information and Communication Technologies Authority
- Companies that obtain a licence, certificate or authorization certificate from the Energy Market Regulatory Authority and operate subject to the regulations of this Authority.
- Except for those covered by the list number I; Subsidiaries of the Savings Deposit and Insurance Fund and companies whose supervision and management have been taken over by the Fund within the scope of the abrogated Banking Law, Except for subsidiaries and companies that are inactive or whose activities have been temporarily suspended or cancelled (including those whose necessary amendments to the articles of association and similar procedures have not yet been carried out).
- Except for those covered by the list number I state economic enterprises and their subsidiaries operating within the scope of the Decree Law No 233 on State Economic Enterprises and companies with at least 50% of their capital owned by municipalities.

Furthermore, companies that are subject to an independent audit regardless of any criteria are also listed in detail in the Decision.

Other Amendments

Other amendments introduced by the Decision are as follows:

- Savings finance companies are now subject to independent audit regardless of any criteria.
- Companies exempted from independent audit pursuant to the regulations of the Energy Market Regulatory Authority were removed from the list number II attached to the Decree.
- Savings finance companies liquidated under the Banking Regulation and Supervision Board within the scope of the fourth paragraph of Provisional Article 7 of the Financial Leasing, Factoring, Financing and Savings Finance Companies Law numbered 6361 dated 21 November 2012, where the liquidation process was carried out by the liquidation commissions appointed by the Savings Deposit Insurance Fund, were exempted from an independent audit.

Effective Date and its Impact on the Financial Year 2022

These thresholds will enter into force on 1 January 2023 in accordance with Article 7 of the Decision. However, for companies that have been subject to an independent audit in the financial year 2022, the previous thresholds set out in the Council of Ministers Decrees numbered 2018/11597 will continue to apply.



In compliance with Turkish bar regulations, opinions relating to Turkish law matters that are included in this client alert have been issued by Özdirekcan Dündar Şenocak Ak Avukatlık Ortaklığı, a Turkish law firm acting as correspondent firm of Gide Loyrette Nouel in Turkey.

CONTACT

ARPAT ŞENOCAK
senocak@odsavukatlik.com

PINAR VEZİROĞLU DİLEK
veziroglu@odsavukatlik.com

ZEYNEP ECE UYARER
ZeynepEce.UYARER@odsavukatlik.com

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