

Turkey/Türkiye*

INTRODUCTION

General

<i>Capital/Other major cities:</i>	Ankara/Istanbul, Izmir, Bursa, Adana, Gaziantep, Konya
<i>Area:</i>	780,580 km ²
<i>Population:</i>	70.41m
<i>Language:</i>	Turkish
<i>Currency:</i>	Yeni Turk lirası (YTL)
<i>Country telephone code:</i>	90
<i>National holidays:</i>	
2006 –	1, 9-13 Jan, 23 Apr, 19 May, 30 Aug, 23-25*, 28 (afternoon), 29 Oct, 30 Dec.
2007 –	1-3 Jan, 23 Apr, 19 May, 30 Aug, 12-14*, 28 (afternoon), 29 Oct.
	* Since the Islamic calendar is lunar, these holidays depend upon the sighting of the moon and exact dates may vary from those listed above.
<i>Business/Banking hours:</i>	08:30–16:30 (Mon–Fri) or 09:00–17:00 (Mon–Fri)
<i>Stock exchange:</i>	Istanbul Stock Exchange
<i>Leading share index:</i>	ISE National-30 Index
<i>All share index:</i>	ISE National-All Shares Index

Government

Legislature

- Parliamentary republic with a unicameral Grand National Assembly of Turkey (Türkiye Büyük Millet Meclisi).
- Grand National Assembly – 550 members elected via popular vote for five-year terms.
- The president is elected every seven years.

Head of state

- Ahmet Necdet Sezer, president since 16 May 2000.

Political leader

- Recep Tayyip Erdoğan, PM since 14 March 2003.
- Head of the Justice and Development Party (AKP) government.

* Please note that rules and regulations and market practice are evolving rapidly. As a result, they may diverge from the formal regulatory framework described in this country profile and their interpretation may differ accordingly. If you are planning any business activity in the country, we would recommend that you seek independent advice on the latest market and regulatory developments as well as legal and tax advice.

Economy

	2000	2001	2002	2003	2004	2005			2006	
						Q2	Q3	Q4		YEAR
Exchange rate* (TRL/USD)	0.6252	1.2256	1.5072	1.5009	1.4255	1.3605	1.3376	1.3535	1.3436	1.3283
Interest rate* (MMR) (%)	56.72	91.95	49.50	36.16	21.42	14.58	14.25	13.75	14.73	13.50
Consumer inflation** (%)	+ 54.8	+ 54.4	+ 45.0	+ 25.3	+ 8.6	+ 8.6	+ 7.9	+ 7.6	+ 8.2	+ 8.1
Unemployment (%)	6.6	8.4	10.3	10.5	10.3	9.4	9.4	10.6	10.3	NA
GDP volume growth** (%)	+ 7.2	- 7.3	+ 7.8	+ 5.9	+ 9.0	+ 5.5	+ 7.7	+ 9.5	+ 7.4	NA
GDP (YTLbn)	125	178	278	360	431	-	-	-	487	-
GDP (USDbn)	199	146	184	240	302	-	-	-	363	-
GDP per capita (USD)	2,921	2,101	2,620	3,364	4,182	-	-	-	5,021	-
BoP (goods, services & income) as % GDP	- 7.6	- 0.3	- 2.1	- 3.8	- 5.5	-	-	-	NA	-

* Period average. ** Year on year.

Source: International Financial Statistics, IMF July 2006

Sectoral distribution of GDP (% of GDP)

- Agriculture 11.7%
- Industry 29.8%
- Services 58.5% (2005 estimate)

COUNTRY CREDIT RATING

Fitch Ratings rates Turkey's issuer credit as:-

Term	Local Currency Rating	Foreign Currency Rating
Short	-	B
Long	BB -	BB -
Long-term rating alert	Outlook Positive	

Source: www.fitchratings.com August 2006

LEGAL AND REGULATORY

Central bank

- The Central Bank of the Republic of Turkey is a joint-stock company that operates in accordance with the Law on Central Bank of the Republic of Turkey of 1970 and its amendments. An independent institution, its primary remit is to achieve and maintain price stability.

Bank supervision

- The independent Banking Regulation and Supervisory Agency (BRSA) supervises the banking sector within Turkey.

Resident/Non-resident status

- A resident company is a company that has its legal seat or place of effective management in Turkey.

Bank accounts

- Foreign currency accounts can be held by residents both domestically and abroad. Accounts in domestic currency (YTL) can be held abroad but cannot be converted into foreign currency.
- Non-resident bank accounts are permitted in Turkey, denominated in either domestic or foreign currency. Accounts in domestic currency (YTL) cannot be converted into foreign currency.

Reporting

Reporting regulations

- Reporting regulations require all transactions between residents and non-residents to be reported on an aggregated basis every month.
- Direct investments and loans are reported on an individual basis.
- All foreign exchange transactions abroad are required to be reported individually to the Central Bank if they exceed USD 50,000.

Reporting method

- Banks generally undertake the reporting on behalf of their corporate clients. Ultimately though, the accuracy of all reported information is the resident's responsibility.
- ITRS forms are required to be submitted no later than the twentieth day of the following month and can be sent on paper by mail or by e-mail in an excel file.

Anti-money laundering / Counter-terrorist financing*

- Turkey has mirrored the requirements of the first EU Money Laundering Directive in its legislation ('Law On Prevention of Money Laundering' No 4208 of 1996, as amended, and various Financial Crimes Investigation Board General Communiqués). The requirements of the second directive have not been incorporated, but are addressed in a draft law currently before parliament.
- A Financial Action Task Force (FATF) member, Turkey observes most of the FATF-49 standards.
- Turkey has established a financial intelligence unit (FIU), the Mali Suçları Arastırma Kurulu (MASAK) or Financial Crimes Investigation Board, which is a member of The Egmont Group.
- Financial institutions in the broadest sense are required to report suspicious transactions to the MASAK.
- Financial institutions are required to report transfers abroad exceeding USD 50,000 or the equivalent in foreign currency notes (including transfers from foreign exchange deposits).

- Tax identity information also must be recorded for cash transfers exceeding USD 4,000, for all exchange transactions over USD 3,000 and before any securities are cashed.
- Account opening procedures, issuing of insurance contracts, safe deposit services and financial leasing require formal identification of the account holder, except when the customer is a 'state economic enterprise or quasi public institution'.
- Tax identity information must be recorded for all customers opening new accounts, applying for chequebooks or cashing cheques.
- Customers must be identified by receiving photocopies of original or certified documents or by recording the identification information on the back of the documents related to the transaction. The address of the person carrying out the transaction must be registered but not verified.
- All records must be kept for at least five years.

*Supplied by BCL Burton & Copeland (www.burtoncopeland.co.uk for background explanatory article). Data as at July 2006 .

Exchange controls

- On 1 January 2005, the Turkish lira (TRL) was replaced by the New Turkish Lira, locally known as Yeni Turk Lirasi (YTL), with a conversion rate of TRL 1 million:YTL 1. Since the end of 2005, YTL has been Turkey's sole legal tender.
- The exchange rate of the YTL is independently floating and is calculated via supply and demand in the foreign exchange market.
- Banks can deal in forward transactions within the framework of the open position limits set by the regulations.
- Exchange controls and regulations are administered by the Central Bank and the Undersecretariat of the Treasury.
- Export proceeds must be surrendered within 180 days. Exporters are permitted to retain as much as the equivalent of USD 50,000. If 70% of the proceeds are surrendered within 90 days, the remaining 30% may be retained.
- Pre-financing commercial credits cannot have maturities above 18 months, or 24 years in the case of shipbuilding.
- Financial credits must be monitored by the Central Bank, apart from those with a maturity of over one year obtained via the public sector or guaranteed by the Treasury, which are required to be registered in the Undersecretariat of the Treasury's External Financing Information System.
- Residents are permitted to export capital up to USD 5 million without restrictions. Permission is required from the Undersecretariat of the Treasury for exporting capital above USD 5 million.
- All proceeds from direct investment transferred abroad are required to be reported to the Undersecretariat of the Treasury.

TAXATION*

Resident/Non-resident

- A company is considered resident if its seat and/or place of management is located in Turkey. A company is considered non-resident if it has neither its seat nor place of management located in Turkey.

Tax year

- A company's tax year need not necessarily coincide with the calendar year, although to do so is the norm. Corporate tax returns must be filed between 1st and 25th of the fourth month following the end of tax year.

Corporate taxation

- The standard rate is reduced to 20% (30% for 2005) from 1 January 2006.
- After submitting the return, the corporate tax liability must be paid in a single instalment.
- Companies are required to make quarterly prepayments of corporate income tax at a rate of 20% (30% for 2005). Advance (temporary) corporate tax returns must be filed by 10th day of second month of the following quarter and the payment date is 17th day of the second month of the following quarter. Any excess balance can be reclaimed from the tax authorities following submission of the corporate tax returns.
- Residents are subject to taxation on their worldwide income. Non-resident companies are subject to taxation on income derived from sources in Turkey.

Advance tax ruling availability

- Advance tax rulings are available in Turkey in order to establish the tax authority's approach to undefined tax practices. In order to obtain an advance ruling, taxpayers must apply to the tax authorities. If the tax authority provides an advance ruling, the taxpayer has to obey the ruling. However, advance tax rulings provide immunity against tax penalties but do not provide a protection against delay interest if challenged by an independent body.

Transfer pricing

- The OECD model transfer pricing guidelines are to be used for commercial transactions conducted between related parties, both domestic and foreign, effective from 1 January 2007. The rules for related-party transactions are also to apply to commercial transactions conducted by persons resident in offshore jurisdictions.
- Taxpayers would generally choose between the comparable uncontrolled price (CUP), cost-plus, and resale price methods to conclude their commercial transactions with related parties at arm's length. However, they would have the right to use other transfer pricing methods if they could show that the traditional methods are not suitable for their transactions. On deciding which method to use, taxpayers would be responsible for maintaining and providing sufficient documentation.
- Transactions between related parties that are not executed in compliance with the approved transfer pricing methods would be considered as disguised profit distributions and would be subject to dividend withholding tax.
- The amounts that are deemed not to be at arm's length would be subject to the associated corrective treatment between the relevant parties. In this respect, any disguised profit distribution amount that has been included within the corporate tax base of one party would be deducted from the corporate tax base of the counter party. However, this would be subject to payment of the relevant taxes to the tax office. In the case of non-resident recipients how this correction would be made is yet to be determined by the tax authority.
- The new rules have also introduced, for the first time, the concept of advance pricing agreements between taxpayers and the Ministry of Finance. The transfer pricing method approved by the Ministry of Finance would be applicable for three years, assuming that the conditions in place when the transfer pricing method was determined remain unchanged.

Capital gains tax

- Turkey distinguishes between income and capital gains arising on the disposal of assets. The rules are complex, but in general the gain is calculated by deducting cost from proceeds, with an indexation allowance to remove the effects of inflation (if the rate is higher than 10%) from the gain. Extensive relief is available that can eliminate, reduce or defer the tax otherwise payable on capital gains.
- Capital gains derived by a resident corporation are taxed at the standard corporation tax rate of 20% (30% for 2005). The sale by a non-resident of shares or stock in a Turkish incorporated company to another non-resident will not normally be subject to Turkish capital gains tax. Where the sale is made by a non-resident corporation to a Turkish resident, the gain will be subject to corporate tax at 20% (30% for 2005) plus a further income-withholding tax of 10 % on after tax profits if the profits after corporate tax are repatriated (the overall tax burden is 28% for non-residents and 34% for residents for profits of fiscal year 2006). The dividend withholding tax rate levied on income may be reduced if a tax treaty applies.

Stamp duty

- Stamp taxes are levied on a wide range of transaction documents. Company establishments and capital increases are no longer subject to stamp duty.
- With effect from 1 January 2004, all documents prepared in relation to obtaining a loan and the repayment of a loan to be granted by banks, foreign financial institutions granting loans and international corporations are exempt from stamp tax (without any limitation as to the period and type of the loan).
- Brief summaries of stamp and registration taxes relating to major business transactions are given in the following table:

Selected stamp and registration taxes

Taxable Item	Amount Payable
Contracts with a monetary amount	0.75% of the amount concerned*
Payroll	0.6% of wages paid

* The stamp tax amount per document may not exceed TRY 878.000, roughly EUR 439,000

(Effective from 1 January, 2006)

Withholding tax (subject to tax treaties)

Payments to:	Interest	Dividends	Royalties	Capital gains from marketable securities
Resident Companies	0–24%	N/A	N/A	15 % if earned through banks and brokerage firms
Non-resident Companies	0–24%	10%	22%	0 % if earned through banks and brokerage firms

*10% withholding after 30% corporate income tax.

- Interest income arising from deposit accounts is subject to a 15% withholding tax rate. The provider is liable to deduct the tax before payment.
- Withholding tax of 10% is levied on all dividends (except for dividends distributed by a resident company to another resident company and branches of non-resident companies). The rate levied on dividends paid to non-residents may be reduced through tax treaties, provided that shares of the distributing company are registered in the names of shareholders, rather than issued as bearer shares.

- Withholding tax of 19.8 % is applied to utilized investment incentive allowances obtained before 24 April 2003. Utilization of these investment incentive allowances on investment incentive certificates obtained before 24 April 2003 will continue to be subject to 19.8 % withholding tax until the end of 2008.
- Withholding tax of 22% is levied on royalties paid to non-resident companies.
- There are also a variety of sources of income that are subject to withholding tax at specific rates established by the Council of Ministers.

Tax treaties

- Turkey has signed tax treaties with a number of countries. Different rates of withholding tax can apply on interest, dividends and royalties, depending on the terms of the agreement with the particular country.

Sales taxes/VAT (incl. financial services)

- VAT is levied on the supply of all goods and services upon delivery and on all goods imported into Turkey. The standard rate of VAT is 18%. Banks, insurance companies and brokerage houses are exempt from VAT, but banking and insurance transactions are taxed on the individual.
- A reduced rate of 8% is levied on basic food products, land vehicles (other than passenger vehicles), health services, veterinary products, printed materials, medicine, infant food, serum, vaccines, petroleum, entertainment, certain educational services and education transportation services.
- A reduced rate of 1% applies to newspapers and magazines, second-hand cars, the processing and delivery of agricultural commodities, certain leasing transactions, funeral services and blood products.
- Investment allowance certificates, which can be obtained in certain circumstances, from the Undersecretariat of the Treasury, provide Value Added Tax and Customs Duty exemption.

Special Consumption Tax (excise tax)

- Special Consumption Tax was introduced effective from 1 August 2002 and has merged 16 different taxes, levies and duties under a single tax. The rates are as follows:
 - Motor vehicles, ships and planes: at rates varying between 0.5% and 84%, depending on the customs tariff position number of the item.
 - Alcoholic drinks and tobacco products: at rates varying between 25% and 275.6%, depending on the customs tariff position number of the item. Besides the percentage tax on alcoholic drinks and tobacco products, there is also a minimum lump sum tax varying between TRY 0.06 and TRY 70.926.
 - Luxury goods (cosmetics, refrigerators, electrical home appliances, cellular phones, etc.): at rates varying between 6.7% and 20%.
 - Petroleum products: at fixed amounts that vary depending on the customs tariff position number of the item.

Banking and insurance transaction tax (BIT)

- Banking and insurance transaction tax (BIT) is levied on all transactions carried out by banks and insurance companies. The general rate is 5% on transactions subject to BIT. The BIT rate is applied at 1% on the following:
 - Deposit transactions between banks.
 - Money market transactions among brokerage companies operating according to the Capital Market Law.
 - Favourable amounts received as a result of repurchase (repo) transactions of government securities.
 - Favourable amounts received as a result of sale of government securities prior to maturity.
- The BIT rate is applied at 0.1% on foreign exchange sales transactions. However, the rate is 0% on foreign exchange sales between banks.

Payroll and social security taxes

- Employers are required to make social security and unemployment insurance contributions for resident and non-resident employees at a basic rate of 21.5% (made up of a 19.5% social security premium and 2% unemployment insurance premium).

*All tax information supplied by Deloitte Touche Tohmatsu (www.deloitte.com). Data as at 1 May 2006 .

BANKING

Major banks

Bank	Total Assets (USDm) 31 Dec. 2005
TC Ziraat Bankasi	48,120
(Isbank) Türkiye Is Bankasi	47,142
Akbank	38,760
Türkiye Garanti Bankasi	30,483
Koçbank	29,498
Vakifbank (Türkiye Vakıflar Bankasi TAO)	24,941
Yapi ve Kredi Bankasi	19,351
Halkbank (Türkiye Halk Bankasi)	18,925*

* Figures from 31 December 2004.

Source: www.bankersalmanac.com

Overview

- There are currently 46 banks (13 investment banks, 26 commercial banks and seven branches of foreign banks) in Turkey, in addition to around 48 representative offices of foreign banks.
- Since 1998, the number of banks has declined significantly due to consolidation and bank closures.
- The most significant mergers and acquisitions were the creation of Garanti Bankasi in 2001 through the merger of Türkiye Garanti Bankasi, the Ottoman Bank and Körfez Bankasi, and the acquisition of Emlak Bankasi by Ziraat Bankasi. As part of the merger Emlak Bankasi sold 96 branches to another state-owned institution Halkbank (Türkiye Halk Bankasi). Halkbank continued its expansion in November 2004 with the acquisition of Pamukbank.
- One bank (Bayindirbank) is currently under state administration. In addition, the Turkish State owns three commercial banks and three investment banks. As a result, the State controls approximately 30% of total banking assets in Turkey.
- However, the current government hopes to privatise three of Turkey's state-owned banks – Ziraat Bankasi (Turkey's largest bank in terms of both assets and capital), Halkbank and Vakifbank – in the near future.
- Foreign investment in the Turkish banking sector is relatively limited. At present, only five commercial banks and two investment banks in Turkey are foreign banks, with HSBC's purchase of Demirbank in 2001 being the first acquisition of a domestic bank in Turkey by a foreign bank.
- More recently, France's BNP Paribas acquired a 50% stake in Türk Ekonomi Bankasi (TEB) in February 2005, the Belgian-Dutch Fortis Bank purchased a 89.3% stake in Disbank (which has been renamed Fortis Bank) in July 2005, and Rabobank of the Netherlands acquired a 36.5% stake in Sekerbank while Koçbank, which is 50% owned by Italy's UniCredito, acquired a 57.4% stake in Yapı ve Kredi Bankasi in August 2005 (its stake is now 67.3%). In September 2005, Israel's Bank Hapoalim agreed to acquire a 50% stake in C Bank.
- In April this year, the National Bank of Greece succeeded in acquiring a 46% stake in Finansbank, the country's ninth largest bank. In addition, Belgium's Dexia Bank recently purchased a 75% stake in DenizBank.
- There are currently approximately 21 banks in Turkey which are either fully or partially foreign-owned.

PAYMENT INSTRUMENTS

Payment statistics

	Millions of transactions			Traffic (YTL billion)		
	2004	2005	% change 2005/2004	2004	2005	% change 2005/2004
Electronic credit transfers	58.7	76.7	30.8	5,697.0	7,844.2	37.7
Debit card payments	19.9	33.8	69.5	0.45	0.90	100.2
Credit card payments	1,136.3	1,301.8	14.6	65.7	86.5	31.7
Cheques	25.3	23.5	-7.2	131.8	156.2	18.4
Total	1,240.3	1,436.2	15.8	5,895.0	8,087.5	37.2

Sources: Central Bank of the Republic of Turkey (CBRT), Interbank Card Centre (BKM), Interbank Clearing Houses.

Credit transfers

- Most corporate transactions are effected via electronic credit transfer.
- Credit transfers are also a widely used method of payment for retail transactions, salaries and pension payments.

Direct debits

- Direct debit usage is very limited in Turkey, although it is expected that the number of direct debit transactions will increase significantly once banks start using the TIC-RTGS system's new direct debit facility.

Cheques

- The cheque is a popular payment instrument in Turkey and has experienced an increase in usage in recent years.
- The Istanbul or Ankara cheque clearing houses are able to provide same-day clearing for cheques. However, overall net settlement only occurs the next business day at 12:00 local time. Banks may only give value within four to six days.

Card payments

- The usage of payment cards has increased rapidly over recent years.
- There were approximately 51.4 million debit cards and 31.3 million credit cards in circulation at the end of June 2006.
- Visa and MasterCard are the principal credit card issuers in Turkey.
- The Interbank Card Centre (BKM – Bankalararası Kart Merkezi) clears all card payments involving its 28 members (23 of which are banks). All other card payments are cleared via correspondent banking arrangements.
- All participant banks are required to be members of either the Visa or MasterCard credit card schemes but can selectively choose in which credit and debit card services to participate.
- The number of ATMs and EFTPOS terminals has increased rapidly in recent years. There are currently over 15,500 ATM terminals and around 1.24 million POS terminals operating in Turkey.
- The BKM provides a national ATM and POS network for debit cards issued by its member banks.

Promissory notes

- The promissory note is a popular payment instrument in Turkey within the small and medium-sized enterprise business sector.

PAYMENT SYSTEMS

Type

- The Turkish payment system is composed of:
 - TIC-RTGS, the national RTGS system, operated by the Central Bank.
 - All cheque transactions are cleared electronically via the Ankara and Istanbul Interbank Clearing Houses (ICHs).
 - An electronic net settlement system for card payments operated by the Interbank Card Centre (BKM), a clearing centre owned by commercial banks.
 - The Central Bank also operates a giro system, primarily used by non-TIC-RTGS participants, which processes credit transfers between its 21 branches on a real-time basis. However, the introduction of TIC-RTGS has led to a decline in usage.

Participants

- There are approximately 49 direct participants in TIC-RTGS.
- Every bank that issues cheques in Turkey participates in the ICHs.
- There are currently 28 participants in the BKM.

Transaction types processed

- TIC-RTGS processes domestic transfers in YTL regardless of value.
- The ICHs process all domestic cheque transactions.
- The BKM clears all card payments involving its members.

Operating hours

- TIC-RTGS operates between 08:00 and 17:30 Turkish Standard Time (TST), Monday to Friday.
- The Ankara and Istanbul ICHs issue and receive information on cheques 24 hours a day, Monday to Friday.
- The BKM operates 24 hours a day, seven days a week.

Clearing cycle details

TIC-RTGS

- TIC-RTGS settles transactions in real time and with immediate finality.
- Payment instructions are exchanged online from 08:30 until 17:30 TST.
- Banks transmit payment instructions to the system via TICNET, a private telecommunications network owned by the Banks Association of Turkey.
- High-value payments are settled individually, while low-value payments are settled in batches.
- Settlement takes place via the participants' accounts held at the Central Bank.

ICHs

- The majority of cheques are processed via truncation. Only high-value cheques need to be presented physically. A fully automated cheque clearing system is expected to be activated in the near future.
- The cut-off time for same-day payments is 06:00 TST. Information received during the previous 24 hours is transmitted to the banks to allow them to make the necessary provisions before the start of the clearing session at 09:00 TST.
- Cheques that need to be presented physically should be delivered by 09:00 TST at the clearing house.
- The clearing process finishes at 16:00 TST.
- At the end of the daily clearing session, the ICHs transmit the daily results of their cheque clearing to the Ankara ICH, which calculates each participant's credit and debit balance. Each participant is informed of its credit and debit balances at approximately 18:00 TST.

Debtor banks have to pay their daily clearing debts to the Ankara ICH by no later than 12:00 TST on the following business day.

BKM

- Card payments are cleared by the BKM before the net balances of each member are forwarded to the Central Bank.
- Final settlement then takes place via TIC-RTGS across accounts held at the Central Bank.

CASH MANAGEMENT

Domestic

Notional pooling

- Notional pooling is not available in Turkey.

Cash concentration

- Single currency and one-country pooling is permitted and offered.
- Cross-currency cash pools are not permitted.

Cross-border

- The existence of exchange controls means that cross-border sweeping is difficult to implement.

Lifting fees

- Banks apply different value dating and pricing to transfers between residents and non-residents.

Short-term investments

- Interest can be earned on current accounts and deposit accounts.
- Demand and time deposits can be held in domestic currency (YTL) or a major foreign currency. Most time deposits have one, three, six and twelve months.
- Treasury bills (T-bills) are the most popular method of short-term investment among banks in Turkey. T-bills are issued by the Undersecretariat of the Treasury with maturities of up to one year.
- Government bonds have maturities over one year.
- Offered by commercial banks, certificates of deposit are seldom used and deemed to be less liquid than time deposits. Yields and maturities differ drastically.
- Repurchase agreements are increasingly used by individuals and companies.
- Mutual funds and bankers' acceptances are also available for short-term investment purposes.

ELECTRONIC BANKING

- Electronic and internet banking are increasingly popular in Turkey. All leading commercial banks offer some form of electronic banking or internet banking service.
- While service levels and facilities vary substantially, packages offered by the internationally oriented banks tend to be the most comprehensive.
- There is no bank-independent standard.

TRADE FINANCE

Trading partners

Import

- Germany 13.6%, Russia 10.1%, Italy 6.9%, France 5.5%, China 4.4%, USA 4.1%.

Export

- Germany 13%, UK 8.2%, Italy 7%, USA 6.8%, France 5%, Spain 4.1%.

Imports

Documents

- In order to import goods into Turkey, a customs declaration is required to be filed. The commercial invoice must include a full description of the imported goods. A pro-forma invoice, bill of lading and certificate of origin are also needed.

Licences

- Licences are not required for the majority of imports.
- Import licences are mandatory for various items such as certain chemicals, machinery, motor vehicles, telecommunications and transmission equipment.
- Permission from the Undersecretariat of Foreign Trade is also required for importing old, used, faulty or obsolete goods.
- Licences with quotas are required for importing textile and clothing products from five non-WTO member countries and certain textile and clothing products from China.

Taxes/Tariffs and other fees

- Turkey applies the same customs code and integrated tariff as the EU with regard to imports.
- Imports of industrial products from the EU and EFTA countries are zero rated, while those from other countries are subject to an average tariff of 4.2%.
- Imports of agricultural products from the EU and EFTA countries are subject to a simple average tariff of 55.4%, while those from other countries are subject to an average tariff of 56.4%.
- Certain imports from the 50 or so least-developed countries benefit from GSP (Generalised System of Preferences) tariff rates. Zero-rated tariffs are applied to around 72 types of industrial products and approximately 2,936 other products.

Prohibited imports

- A negative list (list of products that may not be imported) is in operation.
- It is prohibited to import certain commodities into Turkey in order to protect the safety of all fauna and flora, national security and for moral reasons.

Exports

Documents

- In order to export goods from Turkey, a customs declaration is required to be filed including a certificate of origin and a bill of lading.

Licences

- Export restrictions apply to certain works of art, articles of cultural or historical value and goods which are few in number, in addition to certain commodities that may endanger fauna, national security or which are deemed morally unacceptable.

Taxes/Tariffs and other fees

- Export taxes are levied on exports of nuts and unprocessed leather.

Prohibited exports

- There is a negative list for products whose exports are prohibited by law.
- Exporting certain works of art and articles of cultural or historical value is prohibited.

Financing imports and exports

Imports

- There are no financing requirements for imports.

Exports

- There are no financing requirements for exports.

USEFUL CONTACTS

Central Bank of the Republic of Turkey	www.tcmb.gov.tr
Banking Regulation and Supervisory Authority	www.bddk.org.tr
Leading banks	www.ziraat.com.tr
TC Ziraat Bankasi	www.isbank.com.tr
Türkiye Is Bankasi	www.akbank.com
Akbank	www.tbb.org.tr
Banks Association of Turkey	www.treasury.gov.tr
Turkish Treasury	www.maliye.gov.tr
Ministry of Finance	www.sanayi.gov.tr
Ministry of Industry and Trade	www.dtm.gov.tr
Prime Ministry for Foreign Trade	www.tobb.org.tr
The Union of Chambers of Commerce and Commodity Exchanges of Turkey	www.iso.org.tr
Istanbul Chamber of Commerce	www.oib.gov.tr
Privatisation Administration	www.investinginturkey.gov.tr
General Directorate of Foreign Investment	www.ise.org
Istanbul Stock Exchange	www.bkm.com.tr
Interbank Card Centre	

HSBC CONTACT DETAILS

Global Payments and Cash Management
HSBC Bank A.S.
Ayazaga Mah. Ahi Evran Cad. Dereboyu Sok.
Maslak 34398 Istanbul
Turkey
Tel: +90 212 366 30 00
Fax: +90 212 366 33 34
E-mail: enquiriespcm@hsbc.com