

A World Bank Group Flagship Report



Doing Business 2018

Reforming to Create Jobs



Comparing Business Regulation
for Domestic Firms in **190** Economies

Economy Profile of Turkey

Doing Business 2018 Indicators
(in order of appearance in the document)

Starting a business	Procedures, time, cost and paid-in minimum capital to start a limited liability company
Dealing with construction permits	Procedures, time and cost to complete all formalities to build a warehouse and the quality control and safety mechanisms in the construction permitting system
Getting electricity	Procedures, time and cost to get connected to the electrical grid, the reliability of the electricity supply and the transparency of tariffs
Registering property	Procedures, time and cost to transfer a property and the quality of the land administration system
Getting credit	Movable collateral laws and credit information systems
Protecting minority investors	Minority shareholders' rights in related-party transactions and in corporate governance
Paying taxes	Payments, time and total tax rate for a firm to comply with all tax regulations as well as post-filing processes
Trading across borders	Time and cost to export the product of comparative advantage and import auto parts
Enforcing contracts	Time and cost to resolve a commercial dispute and the quality of judicial processes
Resolving insolvency	Time, cost, outcome and recovery rate for a commercial insolvency and the strength of the legal framework for insolvency
Labor market regulation	Flexibility in employment regulation and aspects of job quality

About Doing Business

The Doing Business project provides objective measures of business regulations and their enforcement across 190 economies and selected cities at the subnational and regional level.

The Doing Business project, launched in 2002, looks at domestic small and medium-size companies and measures the regulations applying to them through their life cycle.

Doing Business captures several important dimensions of the regulatory environment as it applies to local firms. It provides quantitative indicators on regulation for starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency. Doing Business also measures features of labor market regulation. Although Doing Business does not present rankings of economies on the labor market regulation indicators or include the topic in the aggregate distance to frontier score or ranking on the ease of doing business, it does present the data for these indicators.

By gathering and analyzing comprehensive quantitative data to compare business regulation environments across economies and over time, Doing Business encourages economies to compete towards more efficient regulation; offers measurable benchmarks for reform; and serves as a resource for academics, journalists, private sector researchers and others interested in the business climate of each economy.

In addition, Doing Business offers detailed [subnational reports](#), which exhaustively cover business regulation and reform in different cities and regions within a nation. These reports provide data on the ease of doing business, rank each location, and recommend reforms to improve performance in each of the indicator areas. Selected cities can compare their business regulations with other cities in the economy or region and with the 190 economies that Doing Business has ranked.

The first Doing Business report, published in 2003, covered 5 indicator sets and 133 economies. This year's report covers 11 indicator sets and 190 economies. Most indicator sets refer to a case scenario in the largest business city of each economy, except for 11 economies that have a population of more than 100 million as of 2013 (Bangladesh, Brazil, China, India, Indonesia, Japan, Mexico, Nigeria, Pakistan, the Russian Federation and the United States) where Doing Business, also collected data for the second largest business city. The data for these 11 economies are a population-weighted average for the 2 largest business cities. The project has benefited from feedback from governments, academics, practitioners and reviewers. The initial goal remains: to provide an objective basis for understanding and improving the regulatory environment for business around the world.

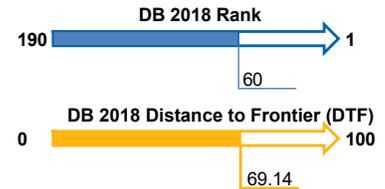
The distance to frontier (DTF) measure shows the distance of each economy to the "frontier," which represents the best performance observed on each of the indicators across all economies in the Doing Business sample since 2005. An economy's distance to frontier is reflected on a scale from 0 to 100, where 0 represents the lowest performance and 100 represents the frontier. The ease of doing business ranking ranges from 1 to 190. The ranking of 190 economies is determined by sorting the aggregate distance to frontier scores, rounded to two decimals.

More about [Doing Business](#) (PDF, 5MB)

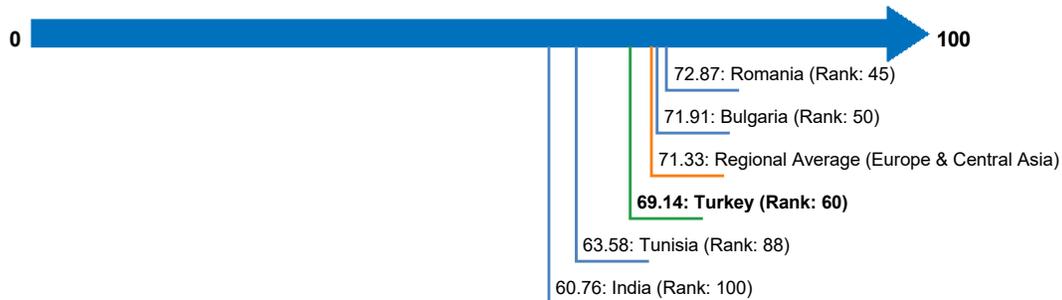
Ease of Doing Business in Turkey



Region	Europe & Central Asia
Income Category	Upper middle income
Population	79,512,426
GNI Per Capita (US\$)	11,180
City Covered	Istanbul

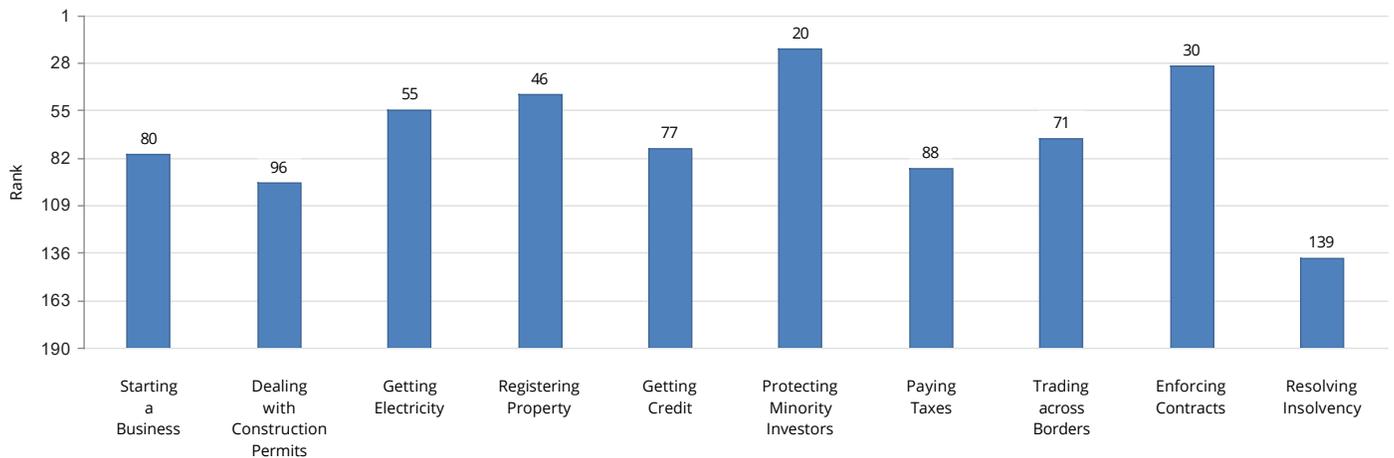


DB 2018 Distance to Frontier (DTF)



Note: The distance to frontier (DTF) measure shows the distance of each economy to the “frontier,” which represents the best performance observed on each of the indicators across all economies in the Doing Business sample since 2005. An economy’s distance to frontier is reflected on a scale from 0 to 100, where 0 represents the lowest performance and 100 represents the frontier. The ease of doing business ranking ranges from 1 to 190.

Rankings on Doing Business topics - Turkey



Distance to Frontier (DTF) on Doing Business topics - Turkey



Starting a Business

This topic measures the paid-in minimum capital requirement, number of procedures, time and cost for a small- to medium-sized limited liability company to start up and formally operate in economy's largest business city.

To make the data comparable across 190 economies, Doing Business uses a standardized business that is 100% domestically owned, has start-up capital equivalent to 10 times income per capita, engages in general industrial or commercial activities and employs between 10 and 50 people one month after the commencement of operations, all of whom are domestic nationals. Starting a Business considers two types of local limited liability companies that are identical in all aspects, except that one company is owned by 5 married women and the other by 5 married men. The distance to frontier score for each indicator is the average of the scores obtained for each of the component indicators.

The most recent round of data collection for the project was completed in June 2017. [See the methodology for more information.](#)

What the indicators measure

Procedures to legally start and operate a company (number)

- Pre-registration (for example, name verification or reservation, notarization)
- Registration in economy's largest business city
- Post-registration (for example, social security registration, company seal)
- Obtaining approval from spouse to start business or leave home to register company
- Obtaining any gender-specific permission that can impact company registration, company operations and process of getting national identity card

Time required to complete each procedure (calendar days)

- Does not include time spent gathering information
- Each procedure starts on a separate day (2 procedures cannot start on the same day)
- Procedures fully completed online are recorded as ½ day
- Procedure is considered completed once final document is received
- No prior contact with officials

Cost required to complete each procedure (% of income per capita)

- Official costs only, no bribes
- No professional fees unless services required by law or commonly used in practice

Paid-in minimum capital (% of income per capita)

- Funds deposited in a bank or with third party before registration or up to 3 months after incorporation

Case study assumptions

To make the data comparable across economies, several assumptions about the business and the procedures are used. It is assumed that any required information is readily available and that the entrepreneur will pay no bribes.

The business:

- Is a limited liability company (or its legal equivalent). If there is more than one type of limited liability company in the economy, the most common among domestic firms is chosen. Information on the most common form is obtained from incorporation lawyers or the statistical office.
- Operates in the economy's largest business city and the entire office space is approximately 929 square meters (10,000 square feet). For 11 economies the data are also collected for the second largest business city.
- Is 100% domestically owned and has five owners, none of whom is a legal entity; and has a start-up capital of 10 times income per capita and has a turnover of at least 100 times income per capita.
- Performs general industrial or commercial activities, such as the production or sale of goods or services to the public. The business does not perform foreign trade activities and does not handle products subject to a special tax regime, for example, liquor or tobacco. It does not use heavily polluting production processes.
- Leases the commercial plant or offices and is not a proprietor of real estate and the amount of the annual lease for the office space is equivalent to 1 times income per capita.
- Does not qualify for investment incentives or any special benefits.
- Has at least 10 and up to 50 employees one month after the commencement of operations, all of whom are domestic nationals.
- Has a company deed 10 pages long.

The owners:

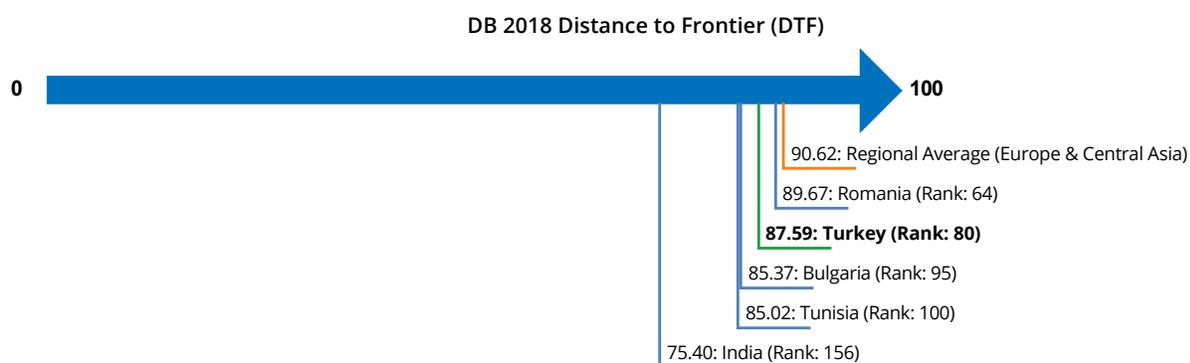
- Have reached the legal age of majority. If there is no legal age of majority, they are assumed to be 30 years old.
- Are sane, competent, in good health and have no criminal record.
- Are married and the marriage is monogamous and registered with the authorities.
- Where the answer differs according to the legal system applicable to the woman or man in question (as may be the case in economies where there is legal plurality), the answer used will be the one that applies to the majority of the population.

Standardized Company

Legal form	Limited Sirket (LS)
Paid-in minimum capital requirement	TRY 2,500
City Covered	Istanbul

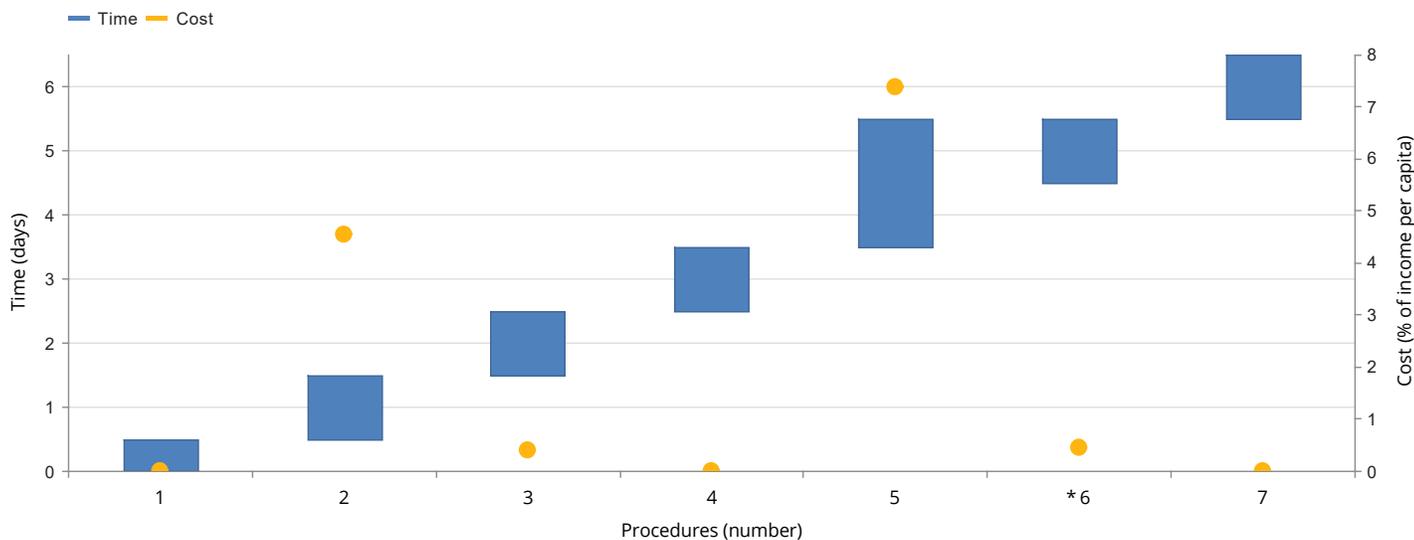
Indicator	Turkey	Europe & Central Asia	OECD high income	Overall Best Performer
Procedure – Men (number)	7	5.2	4.9	1.00 (New Zealand)
Time – Men (days)	6.5	10.1	8.5	0.50 (New Zealand)
Cost – Men (% of income per capita)	12.8	4.4	3.1	0.00 (United Kingdom)
Procedure – Women (number)	7	5.2	4.9	1.00 (New Zealand)
Time – Women (days)	6.5	10.1	8.5	0.50 (New Zealand)
Cost – Women (% of income per capita)	12.8	4.4	3.1	0.00 (United Kingdom)
Paid-in min. capital (% of income per capita)	7.8	3.4	8.7	0.00 (113 Economies)

Figure – Starting a Business in Turkey and comparator economies – Ranking and DTF



Note: The ranking of economies on the ease of starting a business is determined by sorting their distance to frontier scores for starting a business. These scores are the simple average of the distance to frontier scores for each of the component indicators.

Figure – Starting a Business in Turkey – Procedure, Time and Cost



* This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the Doing Business website (<http://www.doingbusiness.org/methodology>). For details on the procedures reflected here, see the summary below.

Details – Starting a Business in Turkey – Procedure, Time and Cost

No.	Procedure	Time to Complete	Associated Costs
1	<p>Submit the memorandum and articles of association online at MERSIS and obtain a potential TIN</p> <p>Agency : MERSIS</p> <p>According to the Article 13 of the Regulation of Trade Registry published on the Official Gazette dated 27 January 2013 and numbered 28541, trade registration transactions shall be fulfilled through MERSİS (Central Registration Recording System).</p> <p>As of February 29, 2016 potential tax identification number can be obtained online through the MERSİS system. At the time the AoA are uploaded online via MERSIS, the system automatically gives the company a potential TIN.</p>	Less than one day (online procedure)	no charge
2	<p>Execute and notarize company documents</p> <p>Agency : Notary</p> <p>According to Article 586 of the Turkish Commercial Code numbered 6102 and Article 90 of the Trade Registry Regulation, the following documents are required for the application of registration:</p> <ul style="list-style-type: none"> - Notarized articles of association (4 copies and 1 original). - Notarized signature declarations (2 copies). - Notarized copy of acceptance letters of the managers (who are not shareholders), (1 copy). - Notarized copy of a power of attorney authorizing the attorneys who will follow-up the application before the competent Trade Registry and other official authorities in order to proceed with the application (where applicable). - Notarized copy of the identity cards of the managers and shareholders (1 copy). <p>The incorporation documents are exempt from the stamp tax and valuable paper fee: there are no fees to be paid for the articles of association and the signature declarations. However, fees are still applicable for notary services and for the valuable papers.</p> <p>The Law Amending Certain Laws For Improvement of the Investment Environment numbered 6728 stipulates that the Articles of Association shall be valid by notarizing or being signed before the trade registry director. However, an assignment letter has not been yet delivered to the Trade Registries from the Ministry of Customs and Trade. As a result, it is not yet possible to certify the documents at the Trade Registry Offices in practice.</p>	1 day	Notarization of the Articles of Association (for 10 pages): TL 1,400 Notarization of the signature declaration of the manager: TL 65 per manager
3	<p>Deposit a percentage of capital to the account of the Competition Authority</p> <p>Agency : Halk Bankası (Ankara corporate branch)</p> <p>To register with the Commercial Registry, founders must obtain the original receipt from Halk Bankası. This receipt shows that 0.04% (four per ten thousand) of the company's capital has been paid to the Competition Authority at the Halk Bankası Ankara Corporate Branch.</p>	1 day	0.04% of capital

- | | | |
|---|-------|-----------|
| 4 Deposit at least 25% of the startup capital in a bank and Obtain proof thereof | 1 day | no charge |
|---|-------|-----------|

Agency : Bank

According to Articles 585 and 344 of the new Turkish Commercial Code, 25% of the share capital must be paid in prior to the new company registration. The remaining 75% of the subscribed share capital must be paid within 2 years. Alternatively, the capital can be fully paid prior to registration.

The articles of association and potential tax number of the company to be incorporated should be submitted to the bank in hard copy.

- | | | |
|--|--------|-----------------------|
| 5 Apply for registration at the Trade Registry Office | 2 days | see procedure details |
|--|--------|-----------------------|

Agency : Trade Registry Office

The formation of a limited liability company does not require a court application. Thus, upon gathering the following documents, founders may apply for registration:

- Petition requesting registration
- 3 copies of an incorporation notification form (kurulus bildirim formu).
- 2 copies of the notarized articles of association plus 1 original.
- Bank deposit receipt with respect to the payment made to the bank account of the Competition Authority (0.04% of the company's share capital).
- An undertaking (taahhutname) signed by the authorized company representatives. Signature declaration of the directors.
- For each person authorized to represent the founders of the limited liability company, 2 copies of the signature declarations.
- Bank certificate of the paid-in minimum capital deposit (at least 25% of the subscribed capital).
- Chamber of Commerce registration form.
- 1 passport-sized photo of each founder.
- Acceptance declaration of the managers who are not shareholders (1 notarized copy).

Following the completion of the registration phase before the Commercial Registry, the Commercial Registry notifies the relevant tax office and the Social Security Administration ex-officio regarding the incorporation of the company. The Commercial Registry arranges for an announcement in the Commercial Registry Gazette within approximately 10 days as of the company registration.

A tax registration certificate must be obtained from the local tax office soon after the Commercial Registry Office notifies the local tax office.

A social security number for the company must be obtained from the relevant Social Security Administration. For the employees, a separate application has to be made following the registration of the company with the Social Security Administration.

According to the official fees of 2017 published in the Official Gazette No. 29931 published on 27 December 2016, the fees applicable upon the incorporation of a limited liability company are set as of January 1, 2017 as follows:

- The registration fee for a limited liability company: TL 800
- Publication of articles of association: TL 0.34 per word
- Start up notice: TL 71.50
- Trade Registry Gazette fee: TL 2.5

- Registration fee for manager's signature:
- (a) First manager's signature: TL 570
- (b) Each additional manager's signature: TL 367.50

Fee schedule for registration and annual membership in the Istanbul Chamber of Commerce (based on capital; levied only once in the first year of registration):

- TL 1 -1.000 : TL 190
- TL 1.001 - 25.000 : TL 205
- TL 25.001 - 250.000 : TL 235
- TL 250.001 - 1.000.000 : TL 310
- TL 1.000.001 - more : TL 375

⇒ 6 Certify the legal books by a Notary Public

Agency : Notary

The founders must certify the legal books (6 documents: share ledger, manager's meeting minutes book, general assembly meeting minutes book, journal, general ledger and inventory book) the day they register the company with the trade registry. The notary public must notify the Tax Office about the commercial book certification.

General Communiqué of the official fees no.77 was published in October 4, 2016 in the Official Gazette No. 29847, which stated a privilege for the incorporation of limited liability companies. As of August 9, 2016, there is no longer a fee for the registration of the statutory books for the companies in establishment phase. However, the following notary fees are applicable:

Fees include:

- TRY144 (6 books), i.e.:
- (1) Yevmiye defteri (100 sheets): TRY 25
- (2) Defter-i Kebir (100 sheets) TRY 25
- (3) Envanter Defteri (100 sheets) : TRY 25
- (4) Ortaklar Pay Defteri (100 sheets) TRY 25
- (5) Karar Defteri (Board Resolution Book) (78 sheets): TRY 22
- (6) Genel Kurul Toplantı ve Müzakere Defteri (General Assembly of Partners' Resolution Book) (78 sheets): TRY 22

1 day
(simultaneous with
previous
procedure) see procedure
details

7 Follow up with the tax office on the Commercial Registry's company establishment notification

Agency : Tax Office

The Trade Registry Office notifies the Tax Office and the Social Security Administration of the company's incorporation. In practice, to expedite the registration process, company representatives follow up on whether the notification has been received. A tax officer comes to the company headquarters to prepare a determination report. There must be at least one authorized signature in the determination report. Trade Registry Officers send company establishment form which includes tax number notification to Tax Office.

With the amendment made in the second paragraph of Article 153 of the Tax Procedures Code No. 213, the notification of establishment of the company may also be transmitted to relevant tax office electronically via MERSIS. However, this is not yet widely used by the companies.

1 day no charge

⇒ Takes place simultaneously with previous procedure.

Dealing with Construction Permits

This topic tracks the procedures, time and cost to build a warehouse—including obtaining necessary the licenses and permits, submitting all required notifications, requesting and receiving all necessary inspections and obtaining utility connections. In addition, the Dealing with Construction Permits indicator measures the building quality control index, evaluating the quality of building regulations, the strength of quality control and safety mechanisms, liability and insurance regimes, and professional certification requirements. The most recent round of data collection was completed in June 2017. [See the methodology for more information](#)

What the indicators measure

Procedures to legally build a warehouse (number)

- Submitting all relevant documents and obtaining all necessary clearances, licenses, permits and certificates
- Submitting all required notifications and receiving all necessary inspections
- Obtaining utility connections for water and sewerage
- Registering and selling the warehouse after its completion

Time required to complete each procedure (calendar days)

- Does not include time spent gathering information
- Each procedure starts on a separate day—though procedures that can be fully completed online are an exception to this rule
- Procedure is considered completed once final document is received
- No prior contact with officials

Cost required to complete each procedure (% of warehouse value)

- Official costs only, no bribes

Building quality control index (0-15)

- Sum of the scores of six component indices:
- Quality of building regulations (0-2)
- Quality control before construction (0-1)
- Quality control during construction (0-3)
- Quality control after construction (0-3)
- Liability and insurance regimes (0-2)
- Professional certifications (0-4)

Case study assumptions

To make the data comparable across economies, several assumptions about the construction company, the warehouse project and the utility connections are used.

The construction company (BuildCo):

- Is a limited liability company (or its legal equivalent) and operates in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Is 100% domestically and privately owned; has five owners, none of whom is a legal entity. Has a licensed architect and a licensed engineer, both registered with the local association of architects or engineers. BuildCo is not assumed to have any other employees who are technical or licensed experts, such as geological or topographical experts.
- Owns the land on which the warehouse will be built and will sell the warehouse upon its completion.

The warehouse:

- Will be used for general storage activities, such as storage of books or stationery.
- Will have two stories, both above ground, with a total constructed area of approximately 1,300.6 square meters (14,000 square feet). Each floor will be 3 meters (9 feet, 10 inches) high and will be located on a land plot of approximately 929 square meters (10,000 square feet) that is 100% owned by BuildCo, and the warehouse is valued at 50 times income per capita.
- Will have complete architectural and technical plans prepared by a licensed architect. If preparation of the plans requires such steps as obtaining further documentation or getting prior approvals from external agencies, these are counted as procedures.
- Will take 30 weeks to construct (excluding all delays due to administrative and regulatory requirements).

The water and sewerage connections:

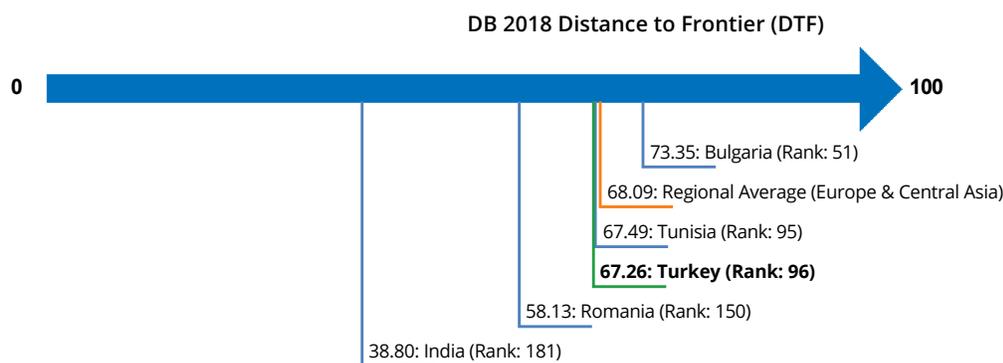
- Will be 150 meters (492 feet) from the existing water source and sewer tap. If there is no water delivery infrastructure in the economy, a borehole will be dug. If there is no sewerage infrastructure, a septic tank in the smallest size available will be installed or built.
- Will have an average water use of 662 liters (175 gallons) a day and an average wastewater flow of 568 liters (150 gallons) a day. Will have a peak water use of 1,325 liters (350 gallons) a day and a peak wastewater flow of 1,136 liters (300 gallons) a day.
- Will have a constant level of water demand and wastewater flow throughout the year; will be 1 inch in diameter for the water connection and 4 inches in diameter for the sewerage connection.

Standardized Warehouse

Estimated value of warehouse	TRY 1,612,164.10
City Covered	Istanbul

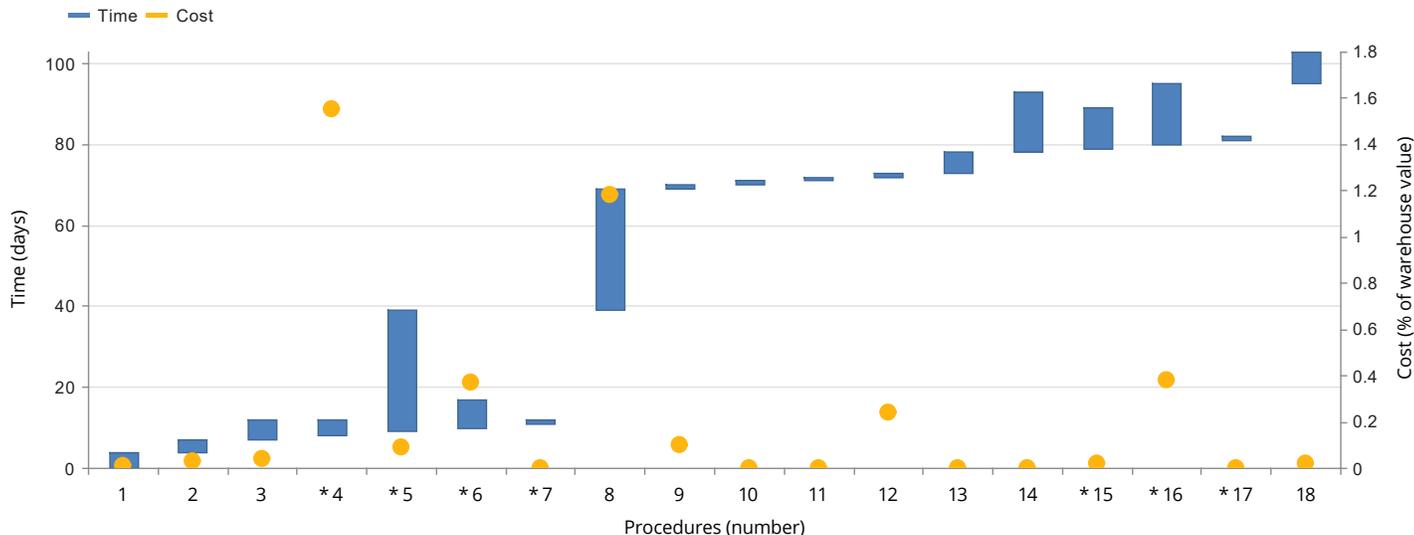
Indicator	Turkey	Europe & Central Asia	OECD high income	Overall Best Performer
Procedures (number)	18	16.0	12.5	7.00 (Denmark)
Time (days)	103	168.3	154.6	27.5 (Korea, Rep.)
Cost (% of warehouse value)	4.0	4.0	1.6	0.10 (5 Economies)
Building quality control index (0-15)	9.5	11.4	11.4	15.00 (3 Economies)

Figure – Dealing with Construction Permits in Turkey and comparator economies – Ranking and DTF



Note: The ranking of economies on the ease of dealing with construction permits is determined by sorting their distance to frontier scores for dealing with construction permits. These scores are the simple average of the distance to frontier scores for each of the component indicators.

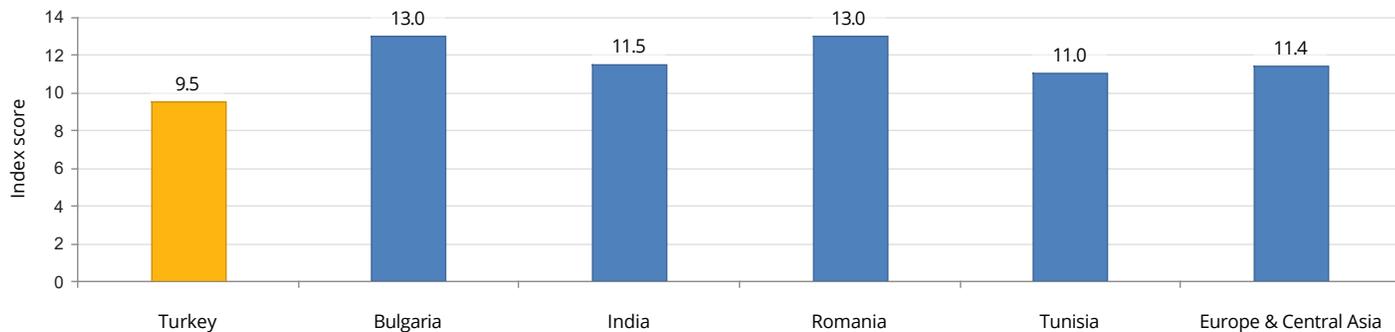
Figure – Dealing with Construction Permits in Turkey – Procedure, Time and Cost



* This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the Doing Business website (<http://www.doingbusiness.org/methodology>). For details on the procedures reflected here, see the summary below.

Figure – Dealing with Construction Permits in Turkey and comparator economies – Measure of Quality



Details – Dealing with Construction Permits in Turkey – Procedure, Time and Cost

No.	Procedure	Time to Complete	Associated Costs
1	<p>Obtain zoning plan (Imar Durumu)</p> <p>Agency : Zoning and Planning Department</p> <p>BuildCo applies to the District Municipality - Planning Department for a 1:1000 scaled zoning plan which is already prepared and approved by the greater municipality. The plan shows the construction conditions of land such as the gross floor area ratio, footprint area ratio, and the function (e.g. commercial, residential, office, etc.)</p>	4 days	TRY 200
2	<p>Obtain cadastral plan (Aplikasyon Krokisi)</p> <p>Agency : Authorized offices (“LİKHAB”)</p> <p>BuildCo submits an application to the Cadastral Plan Branch of the relevant municipality, along with the lot plan, and obtains the Cadastral Plan Document. The cadastral plan states the corner coordinations of the plot, the status of adjacent plots, and the surface area of the plot.</p> <p>The fee schedule based on the land area:</p> <p>1 - 1.000 m2 : 143 TL 1.001 - 3.000 m2: 215 TL 3.001 - 5.000 m2: 430,25 TL 5.001-10.000 m2: 573,00 TL 10.001 - 20.000 m2: 788,25 TL 20.001 - 50.000 m2: 1.029,00 TL 50.001 - 100.000 m2: 1.251,00 TL 100.001 - 200.000 m2: 1.433,50 TL 200.001 - 500.000 m2: 1.719,50 TL</p> <p>In this case, 143,00 TRY will be charged by District Cadastral Office.</p>	3 days	TRY 418
3	<p>Obtain construction direction plan (Insaat Istikamet Rolevesi) and elevation of cross section (Kot Kesit Belgesi)</p> <p>Agency : The planning and zoning department of district municipality</p> <p>BuildCo must apply for a construction direction plan and elevation of cross section at the planning and zoning department of district municipality which is in charge to provide the construction direction plan, as well as the elevation of cross section plans. The documents obtained in the previous procedures must be submitted at this time. The technicians set all the necessary levels -- road, entrance, plot, building corners, etc. -- to be the basis for the design process of the works that will follow, and issue a construction direction plan and elevation of cross section. The construction direction plan includes stated directions on the land, distances from neighboring plots, and the building corners. The elevation of cross section identifies stated elevations of the corners of the plot, the necessary levels and elevations of the current land and elevations of the road.</p>	5 days	TRY 620

⇒ 4 Hire an independent building inspector

4 days

TRY 24,989

Agency : Private Building Inspection Agency

The company must select an independent building inspector and sign a service contract with this inspector. The inspector must check and approve all the project's plans before they are submitted to the municipality. The list of project plans is extensive and includes the architectural design of the building done by design consultants; the reinforced concrete and insulation project plans prepared by a civil engineer; the fire safety project plans prepared jointly by an architect and the mechanical engineer for utilities; the project plans and documents for hot water, and those of central heating facilities prepared by a mechanical engineer; the electrical wiring project plans prepared by an electrical engineer; the telecommunications system project plans prepared by an electrical engineer; and the landscape project plans prepared by a landscape engineer.

Selecting an independent building consultant takes only a day. However, practitioners agree that it takes at least 3 days for the building inspector to review and approve all the documents before they are submitted to the municipality. Hence, for the case considered here, it is assumed that 4 days are needed to complete this procedure.

The building inspector charges a fee representing a percentage of the total cost of construction, according to the amendment of Article 5 of the Law on Building Inspection No. 4708 of August 17, 2011. This fee is paid in six installments.

The inspector receives the following payments at the following stages:

- 20% when the building permit is obtained
 - 40% when the foundation is completed
 - 20% when the shell & core structure is initiated
 - 15% when the installation is initiated
 - 5% when the construction is completed
-

⇒ 5 **Obtain approval of architectural drawings from the municipality** 30 days TRY 1,459

Agency : District Municipality

The company must submit the documents listed below along with the architectural drawings to the project branch of the municipality:

- The authorization document of the architect
- The plan for the application
- The cadastral plan document
- The road datum document
- The title deed registration document
- The plot share distribution table, if there is more than one independent section on the land (for instance, an apartment building)
- Built-up area breakdown table in square meters
- Ratified geological study
- Three sets of the elevator preliminary report (not applicable in the warehouse case)

The municipality must approve the project's proposed designs. The fire safety project should also be submitted to the municipality for approval and can be included in this procedure.

If the municipality asks for changes to be made to the architectural designs during the approval process, these changes should be reflected in the engineering and landscaping projects as well. For final approval, these project plans are submitted to the municipal project branch, for static, sanitation facility, heating and heat insulation, and landscaping project plans to the Turkish Electricity Distribution Corporation (TEDAS), for the electricity project plans; and to the telephone company, for the telecommunication project plans. Fire-electricity and fire-mechanical project plans must be approved by the Fire Department.

The cost estimated for this procedure ranges from TRY 3,000.00 to TRY 3,500.00. The fees found on one district municipality's Web site show the cost breakdown to include fees for examination, approval, and various other taxes (e.g., sign posts, trees).

⇒ 6 **Obtain proof of payment and clearance of water and sewerage infrastructure** 7 days TRY 5,973

Agency : Water and Sewerage Department (Istanbul Municipality)

BuildCo will contact the Istanbul Water Supply and Sewerage General Directorate (ISKI) to obtain permission to discharge sewage and rainwater. At the same time, BuildCo must pay all outstanding debts to ISKI arising from the existing utility subscriptions and obtain a clearance letter stating that all existing connections/subscriptions are terminated.

There is also a participation share in the cost the cost of the water and sewerage infrastructure. A clearance document is obtained, that shows that complete payment was made.

Once this clearance is obtained, then BuildCo can move forward in laying out all pipes and excavation for sewage. All this work is done directly by the plumber of BuildCo; therefore there is no need for ISKI to be involved a second time. However, ISKI will inspect the work after it has been completed.

⇒ 7	Register with Social Security Institute before the commencement of construction works	1 day	no charge
Agency : Social Security Institution			
The company must register the staff that will be working at the construction site with the Social Security Institution. Under Turkish law, the construction site is considered as a "separate and independent workplace" where construction workers are employed to perform the permanent and temporary works forming the project/building. Consequently, this "separate workplace" must be registered with SSI and a workplace opening and operating permit must be obtained from the Ministry of Labour and Social Security.			
8	Obtain building permit	30 days	TRY 19,041
Agency : District Municipality, Licensing Branch			
The company requests a building permit from the licensing branch of the municipality. The approved design, engineering drawings, and other necessary documents (described in the previous procedures) must be attached to this request. The company must pay the fees before receiving the building permit and starting foundation work.			
For a warehouse, the official fee schedule is TRY 4.07 per sqm.			
Building permits are usually issued 1 -- 2 months after submission of the application. Following the building permit issuance, the municipal building control authority will randomly conduct inspections during the construction on site, in addition to private inspection.			
9	Obtain excavation (Harfiyat) permit from the Department of Environment of the Municipality	1 day	TRY 1,609
Agency : Department of Environment of the Municipality			
After applying for the construction permit, BuildCo must obtain an excavation permit and inform the Department of Environment about how it will dispose of the extra soil from the area of excavation for the foundation, water, electricity etc. and get an approval from the department. The fee is listed on the web page of the municipality.			
10	Obtain proof of "no outstanding taxes" clearance certificate from the Tax Authority	1 day	no charge
Agency : Tax Department			
The company must pay all taxes owed, and obtain a tax clearance document from the appropriate tax departments. This document states that all taxes owed have been paid.			

11	Request and obtain a “no outstanding social security premium” clearance upon completion of construction works	1 day	no charge
<p>Agency : Social Security Institute</p> <p>As far as construction works are concerned, once they are completed, the site (i.e., the workplace) will be closed. Upon completion date, there must not be any outstanding social security premium debt arising from the employment of the construction workers on site. Therefore, the contractor must obtain a document from the Social Security Institute evidencing that there is no outstanding social security debt.</p> <p>The local Municipality also requires this certificate before issuing the occupancy permit.</p>			
12	Receive final inspection from the Fire Department	1 day	TRY 3,811
<p>Agency : Fire Department, Istanbul Municipality</p> <p>According to the 2014 Fire Service Fees Schedule, BuildCo's warehouse would now fall into group 5 (factory buildings, hospitals, hotels, warehouses).</p>			
13	Submit final inspection report and receive final inspection from the municipality	5 days	no charge
<p>Agency : District Municipality</p> <p>Upon completion of construction, the private inspector must submit his final inspection report to the municipality before the municipality conducts its final inspection. The municipality will come to inspect the building after 5 days on average.</p>			
14	Obtain occupancy permit	15 days	no charge
<p>Agency : District Municipality</p> <p>Land Development Law No. 3194 requires an occupancy permit for all new constructions. The company applies for the occupancy permit by submitting the following documents:</p> <ul style="list-style-type: none"> • The invoice for the building • The building permit • The built-up area breakdown table in square meters • The original copy of the plot title deed • The real estate tax declaration • The real estate tax receipt <p>An authorized commission from the municipality inspects the building and verifies that it complies with the project. This commission then issues the occupancy permit.</p> <p>The law specifies a statutory time limit of 30 days for the municipality to issue an occupancy permit. Practitioners observe that this statutory time limit is not frequently observed, and so, this process can take on average 2 months.</p>			

⇒ **Change the title deed from a land title deed to a building title deed** 10 days TRY 345

15 Agency : Title Deed Department

The company must submit the following documents to the title deed department in order to register the building:

- The title deed
- The plot share distribution table
- The occupancy permit
- The cadastral survey pages

Registering the warehouse takes some time due to backlogs and long waiting times at the Land Registry. However, with connections at the Land Registry, the process may take as little as 3 days.

The fee is based on the area of the immovable property:

1-1000 sq.m : 235 TRY

1000 - 3000 sq.m : 332,50 TRY

3000 sq.m and up : 32,5 TRY will be added to 332,50 for each 1000 sq.m

⇒ **Obtain operation permit from the Municipality** 15 days TRY 6,139

16 Agency : District Municipality

By law (Article 2 of the Operation Permit Regulation), BuildCo must obtain an operating permit from the Municipality before using this warehouse as a storage facility.

⇒ **Receive inspection from the water and sewerage department** 1 day no charge

17 Agency : Istanbul Water Supply and Sewerage General Directorate (ISKI)

Upon request of permission from the water and sewerage department to discharge sewage and rainwater, the technicians from this department perform their inspections at the site and grant permission for connection of wastewater and rainwater to the system. The technicians from the same department also check that the canal connections comply with the approved design, upon request for a water connection. The technicians then issue a letter of approval for connection.

18 **Obtain water and sewage connection** 8 days TRY 250

Agency : Istanbul Water Supply and Sewerage General Directorate (ISKI)

⇒ Takes place simultaneously with previous procedure.

Details – Dealing with Construction Permits in Turkey – Measure of Quality

	Answer	Score
Building quality control index (0-15)		9.5
Quality of building regulations index (0-2)		1.0
How accessible are building laws and regulations in your economy? (0-1)	Available online; Free of charge.	1.0
Which requirements for obtaining a building permit are clearly specified in the building regulations or on any accessible website, brochure or pamphlet? (0-1)	List of required documents; Fees to be paid.	0.0
Quality control before construction index (0-1)		1.0
Which third-party entities are required by law to verify that the building plans are in compliance with existing building regulations? (0-1)	Licensed architect; Licensed engineer.	1.0
Quality control during construction index (0-3)		2.0
What types of inspections (if any) are required by law to be carried out during construction? (0-2)	Inspections by external engineer or firm; Inspections at various phases.	1.0
Do legally mandated inspections occur in practice during construction? (0-1)	Mandatory inspections are always done in practice.	1.0
Quality control after construction index (0-3)		3.0
Is there a final inspection required by law to verify that the building was built in accordance with the approved plans and regulations? (0-2)	Yes, final inspection is done by government agency; Yes, external engineer submits report for final inspection.	2.0
Do legally mandated final inspections occur in practice? (0-1)	Final inspection always occurs in practice.	1.0
Liability and insurance regimes index (0-2)		0.5
Which parties (if any) are held liable by law for structural flaws or problems in the building once it is in use (Latent Defect Liability or Decennial Liability)? (0-1)	Construction company.	0.5

Which parties (if any) are required by law to obtain an insurance policy to cover possible structural flaws or problems in the building once it is in use (Latent Defect Liability Insurance or Decennial Insurance)? (0-1)	No party is required by law to obtain insurance .	0.0
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Professional certifications index (0-4)**2.0**

What are the qualification requirements for the professional responsible for verifying that the architectural plans or drawings are in compliance with existing building regulations? (0-2)	University degree in architecture or engineering; Being a registered architect or engineer.	1.0
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What are the qualification requirements for the professional who supervises the construction on the ground? (0-2)	University degree in engineering, construction or construction management; Being a registered architect or engineer.	1.0
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⚡ Getting Electricity

This topic measures the procedures, time and cost required for a business to obtain a permanent electricity connection for a newly constructed warehouse. Additionally, the reliability of supply and transparency of tariffs index measures reliability of supply, transparency of tariffs and the price of electricity. The most recent round of data collection for the project was completed in June 2017. [See the methodology for more information.](#)

What the indicators measure

Procedures to obtain an electricity connection (number)

- Submitting all relevant documents and obtaining all necessary clearances and permits
- Completing all required notifications and receiving all necessary inspections
- Obtaining external installation works and possibly purchasing material for these works
- Concluding any necessary supply contract and obtaining final supply

Time required to complete each procedure (calendar days)

- Is at least 1 calendar day
- Each procedure starts on a separate day
- Does not include time spent gathering information
- Reflects the time spent in practice, with little follow-up and no prior contact with officials

Cost required to complete each procedure (% of income per capita)

- Official costs only, no bribes
- Value added tax excluded

The reliability of supply and transparency of tariffs index (0-8)

- Duration and frequency of power outages (0-3)
- Tools to monitor power outages (0-1)
- Tools to restore power supply (0-1)
- Regulatory monitoring of utilities' performance (0-1)
- Financial deterrents limiting outages (0-1)
- Transparency and accessibility of tariffs (0-1)

Price of electricity (cents per kilowatt-hour)*

- Price based on monthly bill for commercial warehouse in case study

*Note: Doing Business measures the price of electricity, but it is not included in the distance to frontier score nor the ranking on the ease of getting electricity.

Case study assumptions

To make the data comparable across economies, several assumptions are used.

The warehouse:

- Is owned by a local entrepreneur and is used for storage of goods.
- Is located in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Is located in an area where similar warehouses are typically located and is in an area with no physical constraints. For example, the property is not near a railway.
- Is a new construction and is being connected to electricity for the first time.
- Has two stories with a total surface area of approximately 1,300.6 square meters (14,000 square feet). The plot of land on which it is built is 929 square meters (10,000 square feet).

The electricity connection:

- Is a permanent one with a three-phase, four-wire Y connection with a subscribed capacity of 140-kilo-volt-ampere (kVA) with a power factor of 1, when 1 kVA = 1 kilowatt (kW).
- Has a length of 150 meters. The connection is to either the low- or medium-voltage distribution network and is either overhead or underground, whichever is more common in the area where the warehouse is located and requires works that involve the crossing of a 10-meter road (such as by excavation or overhead lines) but are all carried out on public land. There is no crossing of other owners' private property because the warehouse has access to a road.
- Does not require work to install the internal wiring of the warehouse. This has already been completed up to and including the customer's service panel or switchboard and the meter base.

The monthly consumption:

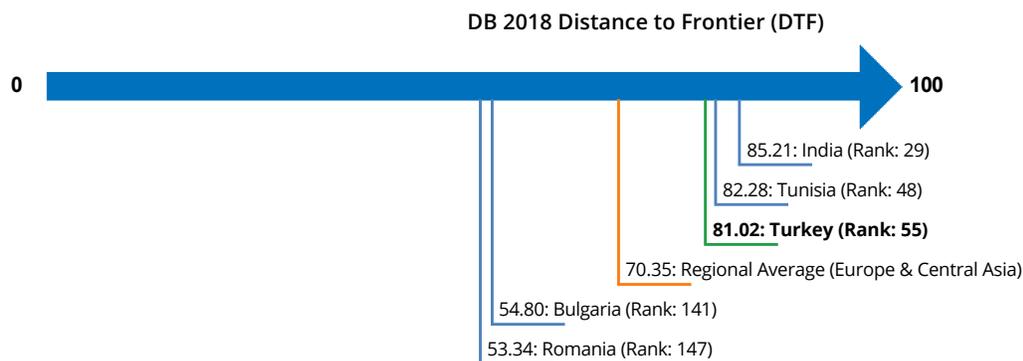
- It is assumed that the warehouse operates 30 days a month from 9:00 a.m. to 5:00 p.m. (8 hours a day), with equipment utilized at 80% of capacity on average and that there are no electricity cuts (assumed for simplicity reasons) and the monthly energy consumption is 26,880 kilowatt-hours (kWh); hourly consumption is 112 kWh.
- If multiple electricity suppliers exist, the warehouse is served by the cheapest supplier.
- Tariffs effective in March of the current year are used for calculation of the price of electricity for the warehouse. Although March has 31 days, for calculation purposes only 30 days are used.

Standardized Connection

Price of electricity (US cents per kWh)	12.1
Name of utility	CLK Boğaziçi Elektrik Perakende Satış A.Ş.
City Covered	Istanbul

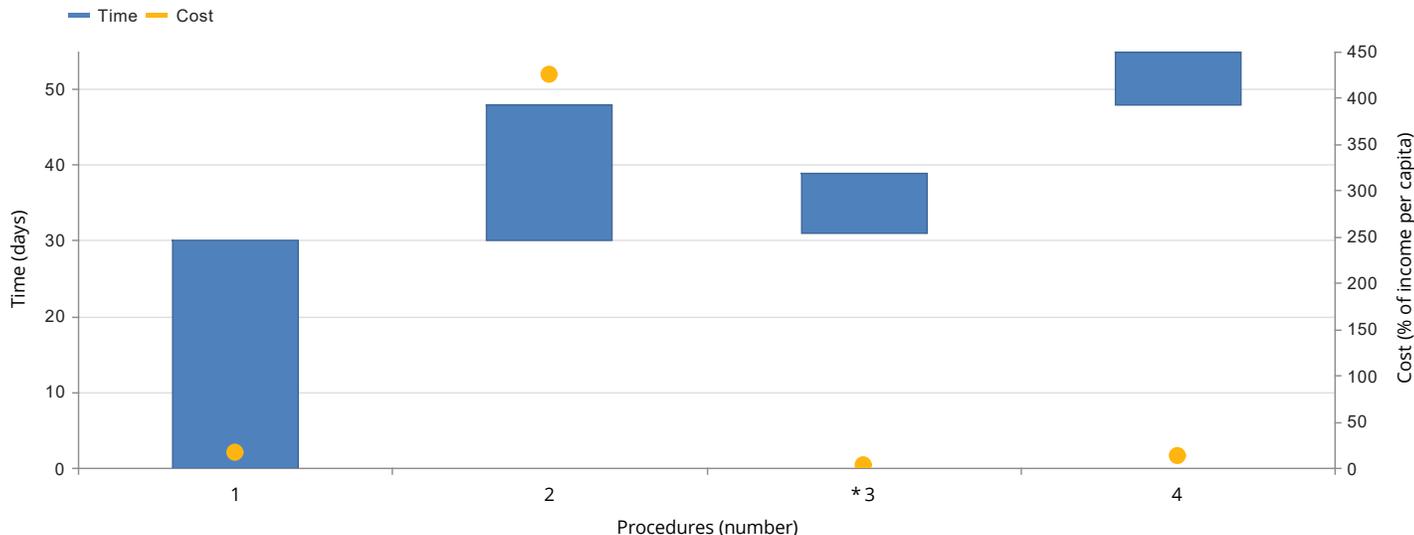
Indicator	Turkey	Europe & Central Asia	OECD high income	Overall Best Performer
Procedures (number)	4	5.4	4.7	2 (United Arab Emirates)
Time (days)	55	113.7	79.1	10 (United Arab Emirates)
Cost (% of income per capita)	457.7	344.3	63.0	0.00 (Japan)
Reliability of supply and transparency of tariff index (0-8)	5	5.3	7.4	8.00 (28 Economies)

Figure – Getting Electricity in Turkey and comparator economies – Ranking and DTF



Note: The ranking of economies on the ease of getting electricity is determined by sorting their distance to frontier scores for getting electricity. These scores are the simple average of the distance to frontier scores for each of the component indicators.

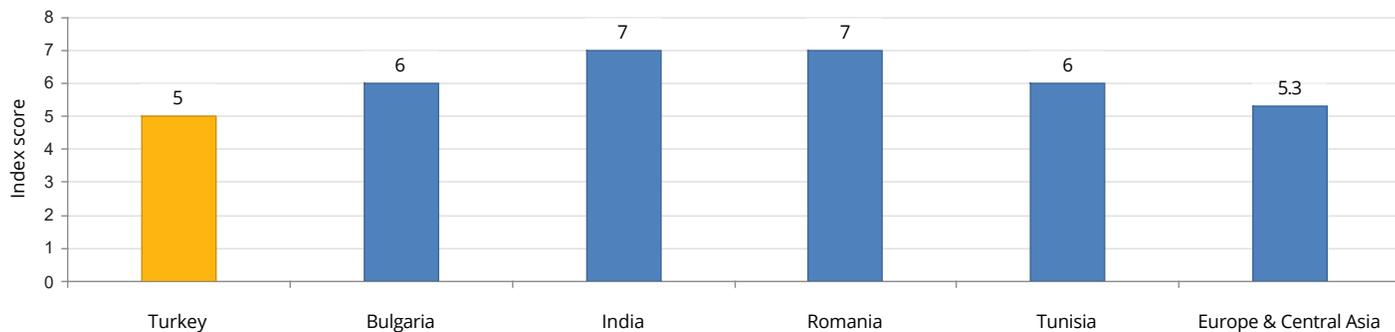
Figure – Getting Electricity in Turkey – Procedure, Time and Cost



* This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the Doing Business website (<http://www.doingbusiness.org/methodology>). For details on the procedures reflected here, see the summary below.

Figure – Getting Electricity in Turkey and comparator economies – Measure of Quality



Details – Getting Electricity in Turkey – Procedure, Time and Cost

No.	Procedure	Time to Complete	Associated Costs
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1	Hire electrical engineer, apply for connection, await estimate and sign connection agreement	30 calendar days	TRY 5,387.85
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Agency : CLK Boğaziçi Elektrik Perakende Satış A.Ş.

The customer hires one or many electrical engineers registered with the Chamber of Electrical Engineers (EMO) or an engineering company (with an engineer on the payroll who is registered with the Chamber of Electrical Engineers).

The Engineer prepares the electrical project based on the facility's architectural project. Part of the electricity project, the engineer prepares a connection scheme (for both internal and external installations). For connection applications, this project is obligatory. The engineer will be in charge of the external works, and most of the time also carries out the internal installation.

CLK Boğaziçi Elektrik Perakende Satış A.Ş. will check the network to see if at the point of connection a transformer is needed. If so, the client is required to install a transformer. Along with the application, the engineer submits the electricity project.

The client submits the following in addition to the electricity project to the utility:

- Letter of application
- Copy of ID card of Company Representative
- Company seal
- Rental contract / ownership documentation (land deed, certificate of occupancy)
- Technical Production Form (Description of the business)
- Consent License (from shareholders for the tenants)
- Trade Registry Gazette
- Tax Registration Certificate
- List of authorized signatories
- Letter of authorization from public notary for the people managing the process, but not listed in the company's list of authorized signatories
- Requested capacity
- Invoice of payment of connection fees

The application for connection is evaluated by BEDAŞ, taking into consideration the requirements for expansion investment or new investment within the framework of the existing circumstances of the distribution system.

CLK Boğaziçi Elektrik Perakende Satış A.Ş. inspects the site accordingly:

- If the existing circumstances of the distribution system are suitable for connection, the connection scheme is approved and a connection agreement is signed between the utility and the client upon submission of required documents;
- If the existing circumstances of the distribution system are not suitable for connection (as in our case where a substation is needed), the client is advised about a reasonable period to complete the connection.

- 2 Obtain external works from private firm or registered electrical engineer** 18 calendar days TRY 136,945.84

Agency : Private firm/Electrical engineer(s)

In the assumed area connections are generally made underground.

Physical implementation of both internal and external wiring is outsourced to the same Engineer or any other similar Engineers.

The external works consist of the construction of private substation and underground connection to a central substation. The Engineer(s) will need to purchase the material for the external connection.

- ⇒ 3 Obtain excavation permit from municipality** 8 calendar days TRY 1,000

Agency : Istanbul Municipality/ Zeytinburnu Municipality (depending on whether land is on main arterial road or not)

The customer needs to obtain an excavation permit from Istanbul Municipality in order to carry out the works. The permit can be applied for after the electricity project has been approved. The customer needs to submit the approved electricity project, the occupancy permit, and state their address (no official document is needed).

- 4 Submit Electricity Structural Project and await meter installation and final connection** 7 calendar days TRY 4,240.31

Agency : CLK Boğaziçi Elektrik Perakende Satış A.Ş.

Following the wiring and completion of implementation, the client is required to submit a post-implementation electricity project called "Electricity Structural Project."

This is followed by CLK Boğaziçi Elektrik Perakende Satış A.Ş. inspection of the internal wiring. Connection is made by the utility following its checking of the wiring (no inspection of entire internal wiring is done during the process, just of the interface).

The compatibility of the metering devices and the circuits of the client are tested, and the relevant parts of the meters and measurement circuits are sealed and first index read on the meter. Connection to the system is then recorded by the distribution licensee.

⇒ Takes place simultaneously with previous procedure.

Details – Getting Electricity in Turkey – Measure of Quality

	Answer
Reliability of supply and transparency of tariff index (0-8)	5
Total duration and frequency of outages per customer a year (0-3)	0
System average interruption duration index (SAIDI)	16.4
System average interruption frequency index (SAIFI)	8.6
What is the minimum outage time (in minutes) that the utility considers for the calculation of SAIDI/SAIFI	5.0
Mechanisms for monitoring outages (0-1)	1
Does the distribution utility use automated tools to monitor outages?	Yes
Mechanisms for restoring service (0-1)	1
Does the distribution utility use automated tools to restore service?	Yes
Regulatory monitoring (0-1)	1
Does a regulator—that is, an entity separate from the utility—monitor the utility's performance on reliability of supply?	Yes
Financial deterrents aimed at limiting outages (0-1)	1
Does the utility either pay compensation to customers or face fines by the regulator (or both) if outages exceed a certain cap?	Yes
Communication of tariffs and tariff changes (0-1)	1
Are effective tariffs available online?	Yes
Link to the website, if available online	http://lisans.epdk.org.tr/epvys-tarife/faces/pages/tarife.xhtml http://enerjienstisu.com/elektrik-fiyatlari/
Are customers notified of a change in tariff ahead of the billing cycle?	Yes

Note:

If the duration and frequency of outages is 100 or less, the economy is eligible to score on the Reliability of supply and transparency of tariff index.

If the duration and frequency of outages is not available, or is over 100, the economy is not eligible to score on the index.

If the minimum outage time considered for SAIDI/SAIFI is over 5 minutes, the economy is not eligible to score on the index.

Registering Property

This topic examines the steps, time and cost involved in registering property, assuming a standardized case of an entrepreneur who wants to purchase land and a building that is already registered and free of title dispute. In addition, the topic also measures the quality of the land administration system in each economy. The quality of land administration index has five dimensions: reliability of infrastructure, transparency of information, geographic coverage, land dispute resolution, and equal access to property rights. The most recent round of data collection for the project was completed in June 2017. [See the methodology for more information.](#)

What the indicators measure

Procedures to legally transfer title on immovable property (number)

- Preregistration procedures (for example, checking for liens, notarizing sales agreement, paying property transfer taxes)
- Registration procedures in the economy's largest business city.
- Postregistration procedures (for example, filling title with municipality)

Time required to complete each procedure (calendar days)

- Does not include time spent gathering information
- Each procedure starts on a separate day - though procedures that can be fully completed online are an exception to this rule
- Procedure is considered completed once final document is received
- No prior contact with officials

Cost required to complete each procedure (% of property value)

- Official costs only (such as administrative fees, duties and taxes).
- Value Added Tax, Capital Gains Tax and illicit payments are excluded

Quality of land administration index (0-30)

- Reliability of infrastructure index (0-8)
- Transparency of information index (0-6)
- Geographic coverage index (0-8)
- Land dispute resolution index (0-8)
- Equal access to property rights index (-2-0)

Case study assumptions

To make the data comparable across economies, several assumptions about the parties to the transaction, the property and the procedures are used.

The parties (buyer and seller):

- Are limited liability companies (or the legal equivalent).
- Are located in the periurban area of the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Are 100% domestically and privately owned.
- Have 50 employees each, all of whom are nationals.
- Perform general commercial activities.

The property (fully owned by the seller):

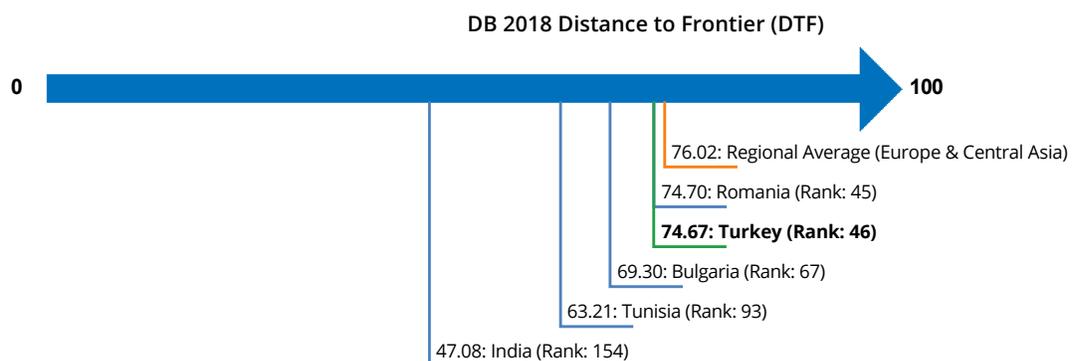
- Has a value of 50 times income per capita, which equals the sale price.
- Is fully owned by the seller.
- Has no mortgages attached and has been under the same ownership for the past 10 years.
- Is registered in the land registry or cadastre, or both, and is free of title disputes.
- Is located in a periurban commercial zone, and no rezoning is required.
- Consists of land and a building. The land area is 557.4 square meters (6,000 square feet). A two-story warehouse of 929 square meters (10,000 square feet) is located on the land. The warehouse is 10 years old, is in good condition, has no heating system and complies with all safety standards, building codes and legal requirements. The property, consisting of land and building, will be transferred in its entirety.
- Will not be subject to renovations or additional construction following the purchase.
- Has no trees, natural water sources, natural reserves or historical monuments of any kind.
- Will not be used for special purposes, and no special permits, such as for residential use, industrial plants, waste storage or certain types of agricultural activities, are required.
- Has no occupants, and no other party holds a legal interest in it.

Standard Property Transfer

Property value	TRY 1,612,164.10
City Covered	Istanbul

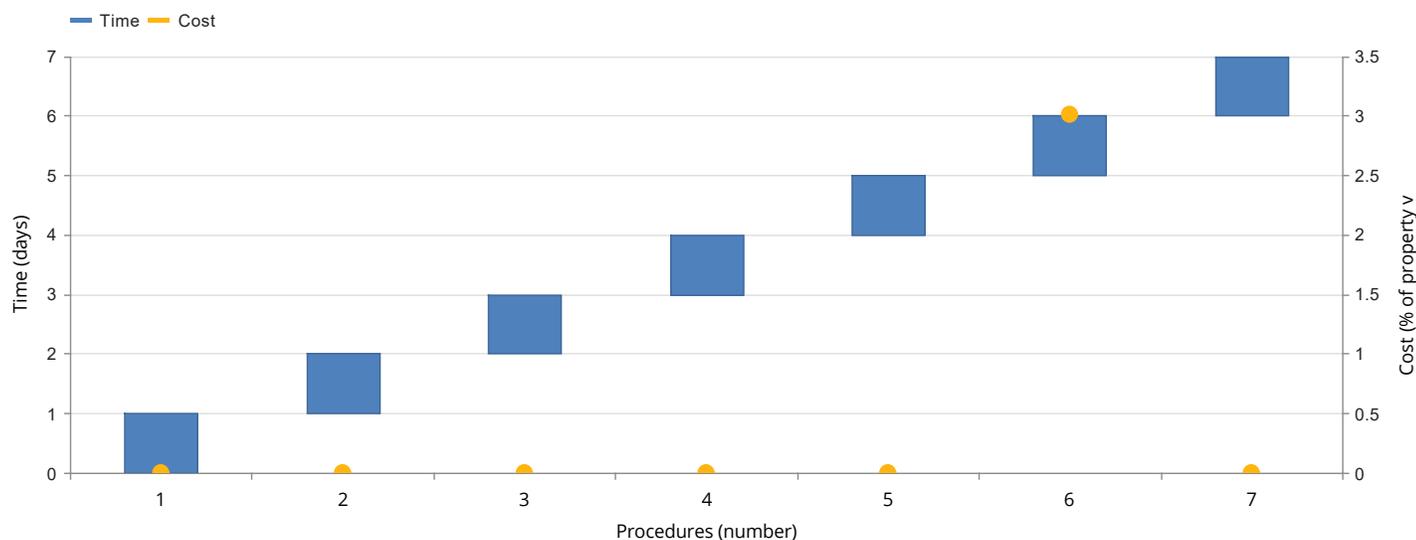
Indicator	Turkey	Europe & Central Asia	OECD high income	Overall Best Performer
Procedures (number)	7	5.3	4.6	1.00 (4 Economies)
Time (days)	7	20.4	22.3	1.00 (3 Economies)
Cost (% of property value)	3.0	2.5	4.2	0.00 (5 Economies)
Quality of the land administration index (0-30)	21.5	19.8	22.7	29.00 (Singapore)

Figure – Registering Property in Turkey and comparator economies – Ranking and DTF



Note: The ranking of economies on the ease of registering property is determined by sorting their distance to frontier scores for registering property. These scores are the simple average of the distance to frontier scores for each of the component indicators.

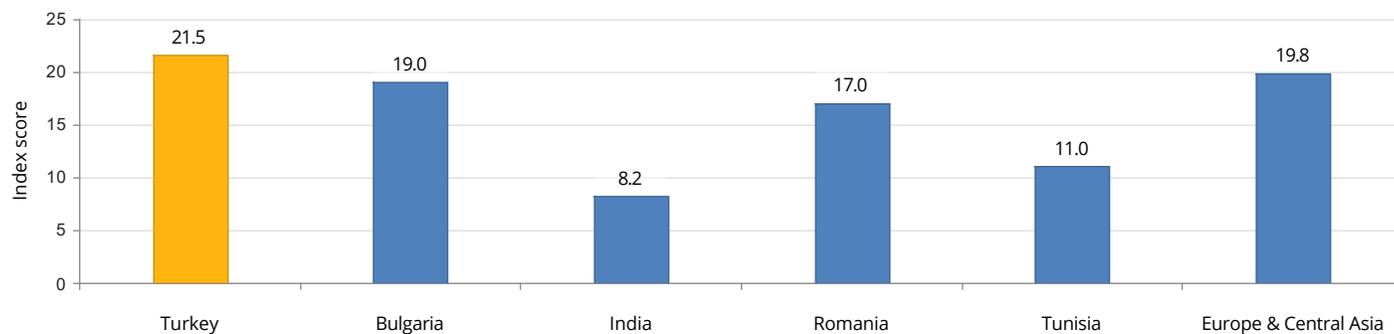
Figure – Registering Property in Turkey – Procedure, Time and Cost



* This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the Doing Business website (<http://www.doingbusiness.org/methodology>). For details on the procedures reflected here, see the summary below.

Figure – Registering Property in Turkey and comparator economies – Measure of Quality



Details – Registering Property in Turkey – Procedure, Time and Cost

No.	Procedure	Time to Complete	Associated Costs
1	<p>The buyer conducts a non-encumbrance check on the property</p> <p>Agency : Land Registry office</p> <p>Although not mandated by law, non-encumbrance checks are essential procedures. Without them, buyers do not proceed with the transfer process. The buyer almost always checks whether or not the property is free of liens and encumbrances. For this, the seller would need to obtain the document showing that the property is free of disputes.</p> <p>By law, title deeds are open to anyone who legitimizes their interest. However, in practice the records are not accessible to the public: the buyer can obtain this document only with a power attorney of the seller. Therefore, this document is typically obtained by the seller who is often accompanied by the buyer. For transactions that are undertaken by lawyers, this procedure is conducted by lawyers (who have the power of attorney from the seller and have a legal right to search titles).</p> <p>The seller or the interested party takes an appointment on the general IT (TAKBIS) system to be present at the Land Registry office at the given time. The information at the Land Registry is computerized; so the search takes minutes. Conducting a non-encumbrance check is free of charge for the real person owner or for those who hold a right on the relevant property (or their representatives). The check can be conducted online via e-government passwords. However, e-government passwords are granted to individuals only and this procedure cannot be conducted online by the representatives of a company. Thus, representatives are required to visit the Land Registry Office for a non-encumbrance check.</p> <p>If the buyer or seller wish to obtain a copy of the records displaying the status of the property, a fee applies (TL 8.20 per page + a fixed fee of TL 18.25 that only applies if it is not the owner of the property who is requesting a copy of the records). If the application is made in a land registry office other than the land registry office which the property is registered at, then the applicant is required to pay an additional fixed fee of TL 36.50.</p>	1 day	no cost

- | | | | |
|----------|---|-------|---------|
| 2 | Managers obtain an authorization certificate of their authority to conduct transactions on companies' behalf | 1 day | TL 38.5 |
|----------|---|-------|---------|

Agency : Company Registrar

If the sale transaction will be made in person by the company signatories, the managers should obtain a separate document from the trade registry, showing that they have the authority to conduct transactions before the land registry office on their companies' behalf. According to the General Communiqué of Act of Fees No. 78, the cost for obtaining an authorization certificate for company managers is TL 38.50. However, the registration and announcement of the authorization of a company's manager in the Trade Registry Gazette costs TL 367.50.

If the sale transaction will be conducted by a proxy issued by the company signatories, the representatives should be provided with special proxies, which will be drawn by the notary and bear the photograph and the statement of the authorized manager. The notary would require the manager to provide it with the above mentioned authorization document which should be obtained from the trade registry and the signature circular of the company setting out the authorized signatories of the company and the way in which they are authorized to represent the company.

The notary will charge a fee of approximately TL 200 for issuing the power of attorney. The validity period of this authorization certificate is one year as of its date of receipt.

- | | | | |
|----------|---|-------|--|
| 3 | Obtain an earthquake insurance policy, or amend the existing one | 1 day | no cost (unless a new insurance is needed) |
|----------|---|-------|--|

Agency : Insurance Company

In practice, it is usually required to obtain an earthquake insurance policy (if it has not been already issued for the building) when selling the building or asking for a loan on it. Even though commercial properties are excluded from the scope of the compulsory earthquake insurance policy, it is generally recommended to obtain one before transferring the property. The cost of this insurance policy depends on the features such as the area of the building and the place thereof, and the insurance brokers automatically calculate it. If there is an existing "compulsory earthquake insurance policy" which is still valid at the date of the sale (i.e. if the term of the insurance policy has not yet expired), then there is no need to issue another one just as a result of the change of ownership. However, the new owner of the property shall have the insurance policy amended to indicate his own name under the policy, which will be arranged between the insurance company and the new owner.

While it is possible to conduct online insurance transactions with insurance companies this is not an established practice in Istanbul. In practice, it is still common to obtain or amend this insurance policy physically at the offices of the insurance company.

4 Obtain the real estate value statement from the Municipality

1 day

no cost

Agency : Municipality

The parties need to obtain a document showing the current value of the property from the local municipality. This value statement is used by the land registry officer to determine the mortar dues.

The parties could obtain this document either from offices of the relevant municipality or online. The online service can be accessed through www.turkiye.gov.tr, this service is free of charge. However, obtaining this document online is still not a common practice in Istanbul. Therefore, the seller obtains the value statement in person from the municipality where the real estate is situated.

The municipalities update these value statements every year by categorizing properties according to their location and features.

5 Parties apply for registration and obtain tax payment assessment

1 day

no cost

Agency : Land Registry office

It is possible for parties to make an online appointment from the general IT system of the Land Registry in order to pick a date/time when to submit an application to the registration. The seller and the purchaser (or their representatives) meet at the registry office and fill in an application form. Once the required documents are presented, the parties declare the consideration to be paid by the purchaser. The officer calculates the mortar dues based on the declared purchase price, and gives the account details of the registry office for the payment, and makes an appointment on the very day or on the consecutive day for the parties to pay the dues and come back again for signature. The documentation shall include:

- (i) Annual property tax declaration of the seller and buyer.
- (ii) The Authorization Certificate of the manager obtained from trade registry, if transactions are carried out by the company signatories (obtained in Procedure No. 2).
- (iii) The notarized proxies of the representatives (if they will perform the transaction)
- (iv) The identity cards of signatories (passport for foreigners)
- (v) One photograph of of the seller (or his representative) and two photographs of the buyer (or his representative)
- (vi) Signature Circular of the buyer company and seller company,
- (vii) Title deed copy or information regarding the title deed of the property
- (viii) A document showing the current value of the property, issued by the Municipality (obtained in Procedure No. 4).
- (ix) An earthquake insurance policy (obtained in Procedure No. 3)
- (x) Signatories shall keep the seal of the company during the Procedure.

The Land Registry Office accepts application when all the above listed documents are submitted and informs interested parties (with a text message generated through the general IT system of the Land Registry) giving them the application number and notifying that the application is being processed.

According to the Circular No. 2014/8 dated 17 October 2014 issued by the General Directorate of the Land Registry and Cadaster Department of Land Registry, it is possible to conduct title deed transactions for properties located all over Turkey in any Land Registry regardless of the property's location and jurisdiction area of the relevant office. For title deed transactions related to properties located outside jurisdiction area, the non-competent offices cannot carry out any transaction unless they request authorization and records of the relevant property from the competent office over the TAKBIS system. TAKBIS system enables the non-competent office to transfer a transaction request to the competent office and complete the transaction based on the authorization and records received over TAKBIS. In brief, it is possible to complete a title deed transaction without making a trip to the city/district where the land is located. In case this remote system is used, registration fees increase by 100%.

6 Registration fee is paid at a commercial bank

1 day

TL 226.5 (registration fee of TL 90.5 multiplied by Istanbul's local coefficient of 2.5)+ 4% of declared transaction price (mortar dues) or 3% of the taxable value of the real estate (whichever is higher). Tax rate of mortar dues applies until September 30, 2017

Agency : Commercial Bank

Mortar dues are paid to the bank account of the land registry, and the bank will give a receipt of the payment. The mortar due is equal to 4% of the declared amount in Turkish Lira, collected 2% each from the parties, but in practice usually the purchaser pays all. Mortar dues regarding transfer of immovable property has been reduced to 3% of the declared sale price of the property until September 30, 2017, by decree of the Council of Ministers is numbered 2017/9973. After September 30 2017, mortar dues will again be increased to 4% of the sale price of the property.

The parties also pay a registration fee (Döner Sermaye Hizmet Bedeli) to cover overall expenses of Land Registries in Turkey. This is usually paid by the purchaser to the bank account of the Land Registry. Registration fee is calculated by multiplying TL 90.50 fixed charge with local coefficients subject to the Law regarding Service Charges to Be Collected by Land Registry Offices numbered 6544. Local coefficient for all districts of Istanbul is set out as 2.5 in the tariff published by the Directorate General of Land Registry and Cadastre. Therefore, the total amount of the service charge of a property transfer transaction carried out at a land registry office in Istanbul for a two-story building will be TL 226.25.

General IT system informs the concerned parties with a text message when the registration fee and mortar dues should be paid at the commercial bank. This message is being sent to the parties after the evaluation process is completed by the Land Registry officers.

The commercial bank to which the registration fees and mortar dues are deposited is a bank designated by the Land title registry. In other words, the parties should deposit the concerned amounts to the bank account of Land Registry at a bank determined by the Registry itself.

Mortar dues as well as the circulating capital fee can be paid online. In the text message received from the IT system, there are some links to pay online with the use of the application number given by the Land Registry office for the transaction. However, the most common method of payment is still going physically to the bank office to pay.

7 Transaction is completed at the registry office

1 day

Already paid in Procedure 5

Agency : Land Registry office

Once all the above Procedures are fulfilled, a text message sent from general IT office of Land Registry that the parties should be present at the land registry office at the appointment hour decided previously by the Land Registry for the finalization of the transaction.

The parties meet at registry office before the registry manager or his deputy at the appointment hour decided previously. The purchaser pays the consideration at that time. If it has already been paid, the seller would declare that it has already been fully paid. Then the parties both sign the land record sheet and the photographs of each of the parties are attached to the document. Each person witnesses that he/she had made the transaction mutually with the person in the picture, the transfer of the title is then completed. The documentation shall include: payment receipts and ID cards.

⇒ Takes place simultaneously with previous procedure.

Details – Registering Property in Turkey – Measure of Quality

	Answer	Score
Quality of the land administration index (0-30)		21.5
Reliability of infrastructure index (0-8)		8.0
What is the institution in charge of immovable property registration?	Land Registry Office (Tapu)	
In what format are the majority of title or deed records kept in the largest business city—in a paper format or in a computerized format (scanned or fully digital)?	Computer/Fully digital	2.0
Is there an electronic database for checking for encumbrances (liens, mortgages, restrictions and the like)?	Yes	1.0
Institution in charge of the plans showing legal boundaries in the largest business city:	Cadastral Directorate of Istanbul	
In what format are the majority of maps of land plots kept in the largest business city—in a paper format or in a computerized format (scanned or fully digital)?	Computer/Fully digital	2.0
Is there an electronic database for recording boundaries, checking plans and providing cadastral information (geographic information system)?	Yes	1.0
Is the information recorded by the immovable property registration agency and the cadastral or mapping agency kept in a single database, in different but linked databases or in separate databases?	Single database	1.0
Do the immovable property registration agency and cadastral or mapping agency use the same identification number for properties?	Yes	1.0
Transparency of information index (0-6)		2.5
Who is able to obtain information on land ownership at the agency in charge of immovable property registration in the largest business city?	Only intermediaries and interested parties	0.0
Is the list of documents that are required to complete any type of property transaction made publicly available—and if so, how?	Yes, online	0.5
Link for online access:	https://randevu.tkgm.gov.tr/en/Appointment/AppointmentDocuments https://www.tkgm.gov.tr/tr/icerik/satis-islemleri-icin-gerekli-evraklar-nelerdir-satis-icin-ne-kadar-ucret-oderim	

Is the applicable fee schedule for any property transaction at the agency in charge of immovable property registration in the largest business city made publicly available—and if so, how?	Yes, online	0.5
Link for online access:	https://www.tkgm.gov.tr/sites/default/files/icerik/ekleri/2017_fiyat_listesi.pdf	
Does the agency in charge of immovable property registration commit to delivering a legally binding document that proves property ownership within a specific time frame—and if so, how does it communicate the service standard?	No	0.0
Link for online access:		
Is there a specific and separate mechanism for filing complaints about a problem that occurred at the agency in charge of immovable property registration?	No	0.0
Contact information:		
Are there publicly available official statistics tracking the number of transactions at the immovable property registration agency?	Yes	0.5
Number of property transfers in the largest business city in 2015:	392138.0	
Who is able to consult maps of land plots in the largest business city?	Freely accessible by anyone	0.5
Is the applicable fee schedule for accessing maps of land plots made publicly available—and if so, how?	Yes, online	0.5
Link for online access:	https://www.tkgm.gov.tr/sites/default/files/icerik/ekleri/2017_fiyat_listesi.pdf https://www.tkgm.gov.tr/sites/default/files/icerik/ekleri/4_sayili_tar0fe-tapu_harclari_harclar.pdf	
Does the cadastral or mapping agency commit to delivering an updated map within a specific time frame—and if so, how does it communicate the service standard?	No	0.0
Link for online access:		
Is there a specific and separate mechanism for filing complaints about a problem that occurred at the cadastral or mapping agency?	No	0.0
Contact information:		
Geographic coverage index (0–8)	4.0	

Are all privately held land plots in the economy formally registered at the immovable property registry?	No	0.0
Are all privately held land plots in the largest business city formally registered at the immovable property registry?	Yes	2.0
Are all privately held land plots in the economy mapped?	No	0.0
Are all privately held land plots in the largest business city mapped?	Yes	2.0
Land dispute resolution index (0-8)		7.0
Does the law require that all property sale transactions be registered at the immovable property registry to make them opposable to third parties?	Yes	1.5
Is the system of immovable property registration subject to a state or private guarantee?	Yes	0.5
Is there a specific compensation mechanism to cover for losses incurred by parties who engaged in good faith in a property transaction based on erroneous information certified by the immovable property registry?	Yes	0.5
Does the legal system require a control of legality of the documents necessary for a property transaction (e.g., checking the compliance of contracts with requirements of the law)?	Yes	0.5
If yes, who is responsible for checking the legality of the documents?	Registrar.	
Does the legal system require verification of the identity of the parties to a property transaction?	Yes	0.5
If yes, who is responsible for verifying the identity of the parties?	Registrar.	
Is there a national database to verify the accuracy of identity documents?	Yes	1.0
For a standard land dispute between two local businesses over tenure rights of a property worth 50 times gross national income (GNI) per capita and located in the largest business city, what court would be in charge of the case in the first instance?	The Civil Court of First Instance of Istanbul	
How long does it take on average to obtain a decision from the first-instance court for such a case (without appeal)?	Between 1 and 2 years	2.0
Are there any statistics on the number of land disputes in the first instance?	Yes	0.5
Number of land disputes in the largest business city in 2015:	Number of land disputes that were filed to Court in 2016: 28734	
Equal access to property rights index (-2-0)		0.0
Do unmarried men and unmarried women have equal ownership rights to property?	Yes	0.0
Do married men and married women have equal ownership rights to property?	Yes	0.0

Getting Credit

This topic explores two sets of issues—the strength of credit reporting systems and the effectiveness of collateral and bankruptcy laws in facilitating lending. The most recent round of data collection for the project was completed in June 2017. [See the methodology for more information.](#)

What the indicators measure

Strength of legal rights index (0-12)

- Rights of borrowers and lenders through collateral laws (0-10)
- Protection of secured creditors' rights through bankruptcy laws (0-2)

Depth of credit information index (0-8)

- Scope and accessibility of credit information distributed by credit bureaus and credit registries (0-8)

Credit bureau coverage (% of adults)

- Number of individuals and firms listed in largest credit bureau as a percentage of adult population

Credit registry coverage (% of adults)

- Number of individuals and firms listed in credit registry as a percentage of adult population

Case study assumptions

Doing Business assesses the sharing of credit information and the legal rights of borrowers and lenders with respect to secured transactions through 2 sets of indicators. The depth of credit information index measures rules and practices affecting the coverage, scope and accessibility of credit information available through a credit registry or a credit bureau. The strength of legal rights index measures the degree to which collateral and bankruptcy laws protect the rights of borrowers and lenders and thus facilitate lending. For each economy it is first determined whether a unitary secured transactions system exists. Then two case scenarios, case A and case B, are used to determine how a nonpossessory security interest is created, publicized and enforced according to the law. Special emphasis is given to how the collateral registry operates (if registration of security interests is possible). The case scenarios involve a secured borrower, company ABC, and a secured lender, BizBank.

In some economies the legal framework for secured transactions will allow only case A or case B (not both) to apply. Both cases examine the same set of legal provisions relating to the use of movable collateral.

Several assumptions about the secured borrower (ABC) and lender (BizBank) are used:

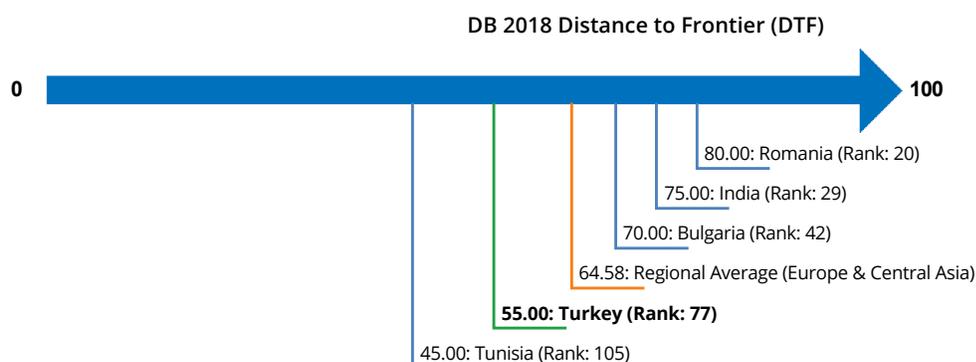
- ABC is a domestic limited liability company (or its legal equivalent).
- ABC has up to 50 employees.
- ABC has its headquarters and only base of operations in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Both ABC and BizBank are 100% domestically owned.

The case scenarios also involve assumptions. In case A, as collateral for the loan, ABC grants BizBank a nonpossessory security interest in one category of movable assets, for example, its machinery or its inventory. ABC wants to keep both possession and ownership of the collateral. In economies where the law does not allow nonpossessory security interests in movable property, ABC and BizBank use a fiduciary transfer-of-title arrangement (or a similar substitute for nonpossessory security interests).

In case B, ABC grants BizBank a business charge, enterprise charge, floating charge or any charge that gives BizBank a security interest over ABC's combined movable assets (or as much of ABC's movable assets as possible). ABC keeps ownership and possession of the assets.

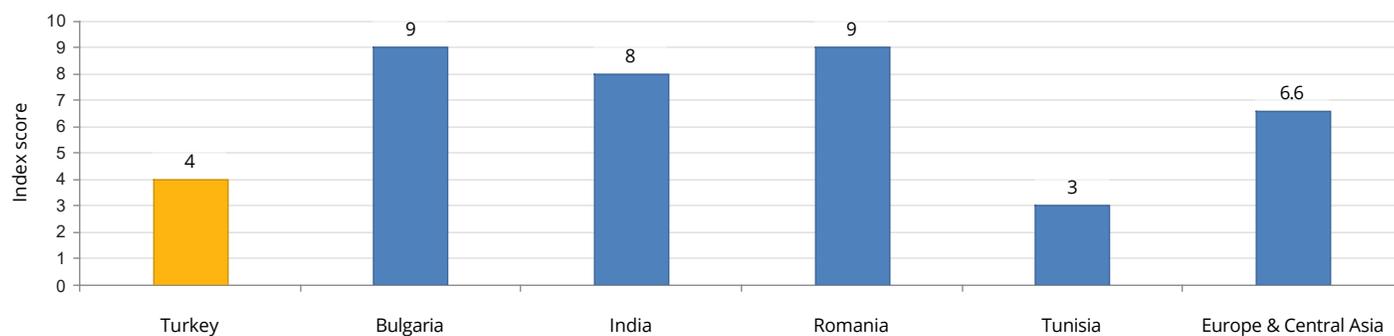
Indicator	Turkey	Europe & Central Asia	OECD high income	Overall Best Performer
Strength of legal rights index (0-12)	4	6.6	6.0	12.00 (4 Economies)
Depth of credit information index (0-8)	7	6.3	6.6	8.00 (34 Economies)
Credit registry coverage (% of adults)	80.2	22.2	18.3	100.00 (3 Economies)
Credit bureau coverage (% of adults)	0.0	42.8	63.7	100.00 (23 Economies)

Figure – Getting Credit in Turkey and comparator economies – Ranking and DTF



Note: The ranking of economies on the ease of getting credit is determined by sorting their distance to frontier scores for getting credit. These scores are the distance to frontier score for the sum of the strength of legal rights index and the depth of credit information index.

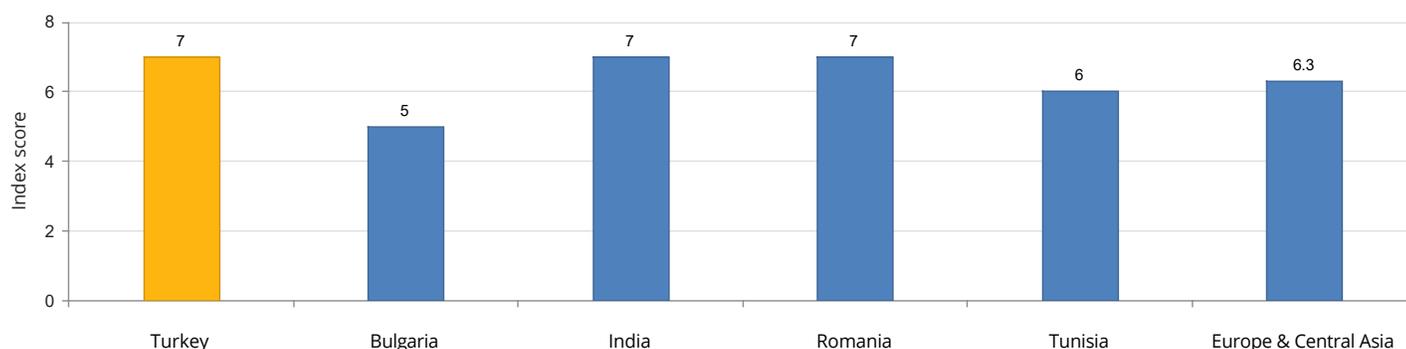
Figure – Legal Rights in Turkey and comparator economies



Details – Legal Rights in Turkey

Strength of legal rights index (0-12)	4
Does an integrated or unified legal framework for secured transactions that extends to the creation, publicity and enforcement of functional equivalents to security interests in movable assets exist in the economy?	No
Does the law allow businesses to grant a non possessory security right in a single category of movable assets, without requiring a specific description of collateral?	No
Does the law allow businesses to grant a non possessory security right in substantially all of its assets, without requiring a specific description of collateral?	Yes
May a security right extend to future or after-acquired assets, and does it extend automatically to the products, proceeds or replacements of the original assets?	No
Is a general description of debts and obligations permitted in collateral agreements; can all types of debts and obligations be secured between parties; and can the collateral agreement include a maximum amount for which the assets are encumbered?	Yes
Is a collateral registry in operation for both incorporated and non-incorporated entities, that is unified geographically and by asset type, with an electronic database indexed by debtor's name?	Yes
Does a notice-based collateral registry exist in which all functional equivalents can be registered?	No
Does a modern collateral registry exist in which registrations, amendments, cancellations and searches can be performed online by any interested third party?	No
Are secured creditors paid first (i.e. before tax claims and employee claims) when a debtor defaults outside an insolvency procedure?	No
Are secured creditors paid first (i.e. before tax claims and employee claims) when a business is liquidated?	No
Are secured creditors subject to an automatic stay on enforcement when a debtor enters a court-supervised reorganization procedure? Does the law protect secured creditors' rights by providing clear grounds for relief from the stay and/or sets a time limit for it?	No
Does the law allow parties to agree on out of court enforcement at the time a security interest is created? Does the law allow the secured creditor to sell the collateral through public auction or private tender, as well as, for the secured creditor to keep the asset in satisfaction of the debt?	Yes

Figure – Credit Information in Turkey and comparator economies



Details – Credit Information in Turkey

Depth of credit information index (0-8)	Credit bureau	Credit registry	Score
Are data on both firms and individuals distributed?	No	Yes	1
Are both positive and negative credit data distributed?	No	Yes	1
Are data from retailers or utility companies - in addition to data from banks and financial institutions - distributed?	No	No	0
Are at least 2 years of historical data distributed? (Credit bureaus and registries that distribute more than 10 years of negative data or erase data on defaults as soon as they are repaid obtain a score of 0 for this component.)	No	Yes	1
Are data on loan amounts below 1% of income per capita distributed?	No	Yes	1
By law, do borrowers have the right to access their data in the credit bureau or credit registry?	No	Yes	1
Can banks and financial institutions access borrowers' credit information online (for example, through an online platform, a system-to-system connection or both)?	No	Yes	1
Are bureau or registry credit scores offered as a value-added service to help banks and financial institutions assess the creditworthiness of borrowers?	No	Yes	1
Score ("yes" to either public bureau or private registry)			7

Note: An economy receives a score of 1 if there is a "yes" to either bureau or registry. If the credit bureau or registry is not operational or covers less than 5% of the adult population, the total score on the depth of credit information index is 0.

Coverage	Credit bureau	Credit registry
Number of individuals	0	33,843,939
Number of firms	0	8,822,255
Total	0	42,666,194
Percentage of adult population	0.0	80.2

↗ Protecting Minority Investors

This topic measures the strength of minority shareholder protections against misuse of corporate assets by directors for their personal gain as well as shareholder rights, governance safeguards and corporate transparency requirements that reduce the risk of abuse. The most recent round of data collection for the project was completed in June 2017. [See the methodology for more information.](#)

What the indicators measure

- **Extent of disclosure index (0–10):** Review and approval requirements for related-party transactions; Disclosure requirements for related-party transactions
- **Extent of director liability index (0–10):** Ability of minority shareholders to sue and hold interested directors liable for prejudicial related-party transactions; Available legal remedies (damages, disgorgement of profits, fines, imprisonment, rescission of the transaction)
- **Ease of shareholder suits index (0–10):** Access to internal corporate documents; Evidence obtainable during trial and allocation of legal expenses
- **Extent of conflict of interest regulation index (0–10):** Simple average of the extent of disclosure, extent of director liability and ease of shareholder indices
- **Extent of shareholder rights index (0–10):** Shareholders' rights and role in major corporate decisions
- **Extent of ownership and control index (0–10):** Governance safeguards protecting shareholders from undue board control and entrenchment
- **Extent of corporate transparency index (0–10):** Corporate transparency on ownership stakes, compensation, audits and financial prospects
- **Extent of shareholder governance index (0–10):** Simple average of the extent of shareholders rights, extent of ownership and control and extent of corporate transparency indices
- **Strength of minority investor protection index (0–10):** Simple average of the extent of conflict of interest regulation and extent of shareholder governance indices

Case study assumptions

To make the data comparable across economies, a case study uses several assumptions about the business and the transaction.

The business (Buyer):

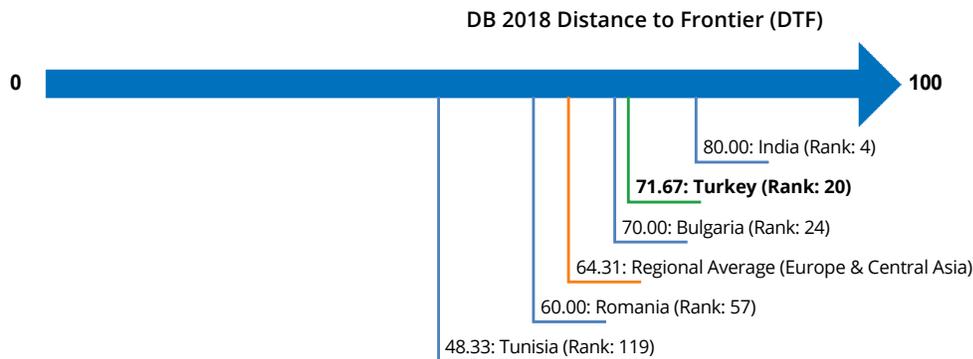
- Is a publicly traded corporation listed on the economy's most important stock exchange. If the number of publicly traded companies listed on that exchange is less than 10, or if there is no stock exchange in the economy, it is assumed that Buyer is a large private company with multiple shareholders.
- Has a board of directors and a chief executive officer (CEO) who may legally act on behalf of Buyer where permitted, even if this is not specifically required by law.
- Has a supervisory board (applicable to economies with a two-tier board system) on which 60% of the shareholder-elected members have been appointed by Mr. James, who is Buyer's controlling shareholder and a member of Buyer's board of directors.
- Has not adopted any bylaws or articles of association that differ from default minimum standards and does not follow any nonmandatory codes, principles, recommendations or guidelines relating to corporate governance.
- Is a manufacturing company with its own distribution network.

The transaction involves the following details:

- Mr. James owns 60% of Buyer and elected two directors to Buyer's five-member board.
- Mr. James also owns 90% of Seller, a company that operates a chain of retail hardware stores. Seller recently closed a large number of its stores.
- Mr. James proposes that Buyer purchase Seller's unused fleet of trucks to expand Buyer's distribution of its food products, a proposal to which Buyer agrees. The price is equal to 10% of Buyer's assets and is higher than the market value.
- The proposed transaction is part of the company's ordinary course of business and is not outside the authority of the company.
- Buyer enters into the transaction. All required approvals are obtained, and all required disclosures made (that is, the transaction is not fraudulent).
- The transaction causes damages to Buyer. Shareholders sue Mr. James and the other parties that approved the transaction.

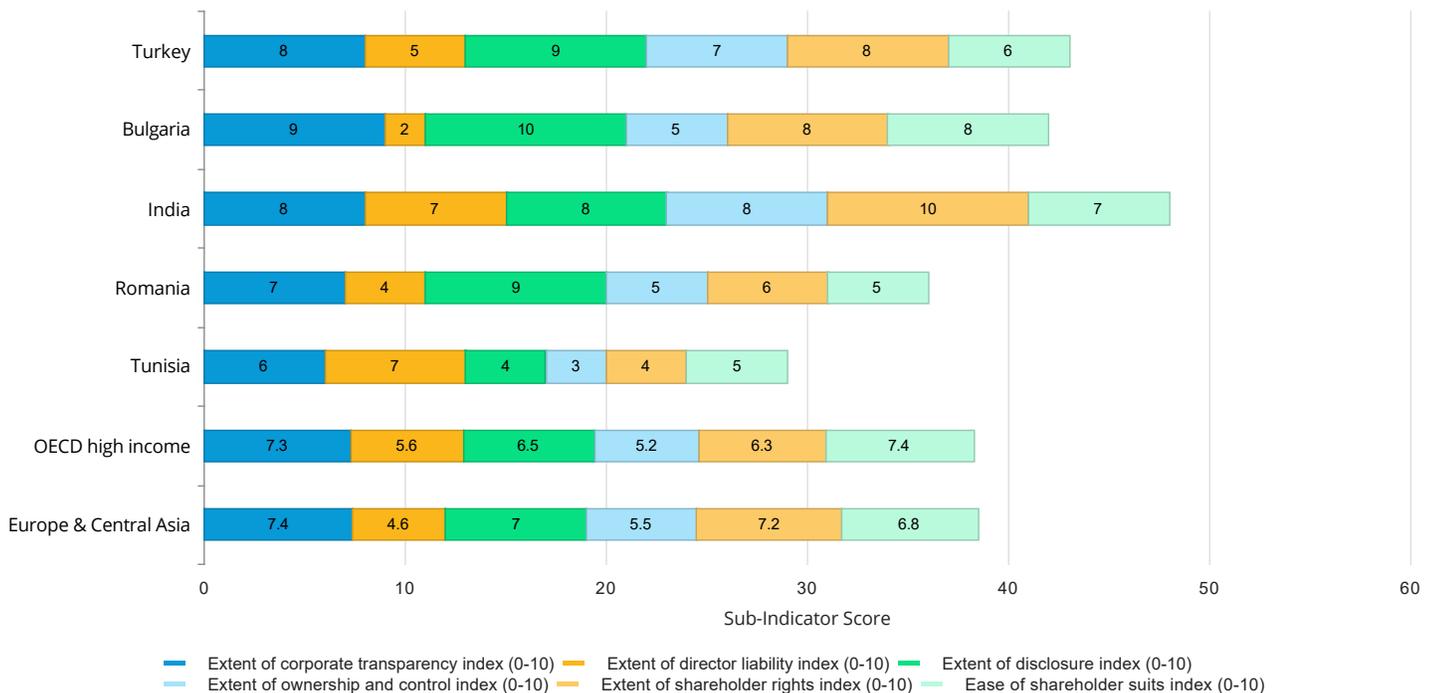
Indicator	Turkey	Europe & Central Asia	OECD high income	Overall Best Performer
Extent of conflict of interest regulation index (0-10)	6.7	6.3	6.4	9.3 (New Zealand)
Extent of shareholder governance index (0-10)	7.7	6.6	6.4	9.00 (Kazakhstan)

Figure – Protecting Minority Investors in Turkey and comparator economies – Ranking and DTF



Note: The ranking of economies on the strength of minority investor protections is determined by sorting their distance to frontier scores for protecting minority investors. These scores are the simple average of the distance to frontier scores for the extent of conflict of interest regulation index and the extent of shareholder governance index.

Figure – Protecting Minority Investors in Turkey and comparator economies – Measure of Quality



Details – Protecting Minority Investors in Turkey – Measure of Quality

	Answer	Score
Extent of conflict of interest regulation index (0-10)		6.7
Extent of disclosure index (0-10)		9
Which corporate body is legally sufficient to approve the Buyer-Seller transaction? (0-3)	Board of directors excluding interested members	2.0
Must an external body review the terms of the transaction before it takes place? (0-1)	Yes	1.0
Must Mr. James disclose his conflict of interest to the board of directors? (0-2)	Full disclosure of all material facts	2.0
Must Buyer disclose the transaction in published periodic filings (annual reports)? (0-2)	Disclosure on the transaction and on the conflict of interest	2.0
Must Buyer immediately disclose the transaction to the public and/or shareholders? (0-2)	Disclosure on the transaction and on the conflict of interest	2.0
Extent of director liability index (0-10)		5
Can shareholders representing 10% of Buyer's share capital sue directly or derivatively for the damage the transaction caused to Buyer? (0-1)	Yes	1.0
Can shareholders hold the interested director liable for the damage the transaction caused to Buyer? (0-2)	Liable if negligent	1.0
Can shareholders hold the other directors liable for the damage the transaction caused to Buyer (0-2)	Liable if negligent	1.0
Must Mr. James pay damages for the harm caused to Buyer upon a successful claim by shareholders? (0-1)	Yes	1.0
Must Mr. James repay profits made from the transaction upon a successful claim by shareholders? (0-1)	Yes	1.0
Is Mr. James disqualified or fined and imprisoned upon a successful claim by shareholders? (0-1)	No	0.0
Can a court void the transaction upon a successful claim by shareholders? (0-2)	Only in case of fraud or bad faith	0.0
Ease of shareholder suits index (0-10)		6

Before suing can shareholders representing 10% of Buyer's share capital inspect the transaction documents? (0-1)	Yes	1.0
Can the plaintiff obtain any documents from the defendant and witnesses at trial? (0-3)	Any relevant document	3.0
Can the plaintiff request categories of documents from the defendant without identifying specific ones? (0-1)	No	0.0
Can the plaintiff directly question the defendant and witnesses at trial? (0-2)	Preapproved questions only	1.0
Is the level of proof required for civil suits lower than that of criminal cases? (0-1)	No	0.0
Can shareholder plaintiffs recover their legal expenses from the company? (0-2)	Yes if successful	1.0
Extent of shareholder governance index (0-10)		7.7
Extent of shareholder rights index (0-10)		8
Does the sale of 51% of Buyer's assets require shareholder approval?	Yes	1.0
Can shareholders representing 10% of Buyer's share capital call for a meeting of shareholders?	Yes	1.0
Must Buyer obtain its shareholders' approval every time it issues new shares?	Yes	1.0
Do shareholders automatically receive preemption rights every time Buyer issues new shares?	Yes	1.0
Must shareholders approve the election and dismissal of the external auditor?	Yes	1.0
Are changes to the rights of a class of shares only possible if the holders of the affected shares approve?	Yes	1.0
Assuming that Buyer is a limited company, does the sale of 51% of its assets require member approval?	No	0.0
Assuming that Buyer is a limited company, can members representing 10% call for a meeting of members?	Yes	1.0
Assuming that Buyer is a limited company, must all members consent to add a new member?	No	0.0
Assuming that Buyer is a limited company, must a member first offer to sell their interest to the existing members before they can sell to non-members?	Yes	1.0
Extent of ownership and control index (0-10)		7
Is it forbidden to appoint the same individual as CEO and chair of the board of directors?	No	0.0
Must the board of directors include independent and nonexecutive board members?	Yes	1.0
Can shareholders remove members of the board of directors without cause before the end of their term?	Yes	1.0

Must the board of directors include a separate audit committee exclusively comprising board members?	Yes	1.0
Must a potential acquirer make a tender offer to all shareholders upon acquiring 50% of Buyer?	Yes	1.0
Must Buyer pay declared dividends within a maximum period set by law?	Yes	1.0
Is a subsidiary prohibited from acquiring shares issued by its parent company?	Yes	1.0
Assuming that Buyer is a limited company, must Buyer have a mechanism to resolve disagreements among members?	Yes	1.0
Assuming that Buyer is a limited company, must a potential acquirer make a tender offer to all shareholders upon acquiring 50% of Buyer?	No	0.0
Assuming that Buyer is a limited company, must Buyer distribute profits within a maximum period set by law?	No	0.0
Extent of corporate transparency index (0-10)		8
Must Buyer disclose direct and indirect beneficial ownership stakes representing 5%?	Yes	1.0
Must Buyer disclose information about board members' primary employment and directorships in other companies?	Yes	1.0
Must Buyer disclose the compensation of individual managers?	No	0.0
Must a detailed notice of general meeting be sent 21 days before the meeting?	Yes	1.0
Can shareholders representing 5% of Buyer's share capital put items on the general meeting agenda?	Yes	1.0
Must Buyer's annual financial statements be audited by an external auditor?	Yes	1.0
Must Buyer disclose its audit reports to the public?	Yes	1.0
Assuming that Buyer is a limited company, must members meet at least once a year?	Yes	1.0
Assuming that Buyer is a limited company, can members representing 5% put items on the meeting agenda?	No	0.0
Assuming that Buyer is a limited company, must Buyer's annual financial statements be audited by an external auditor?	Yes	1.0

Paying Taxes

This topic records the taxes and mandatory contributions that a medium-size company must pay or withhold in a given year, as well as measures the administrative burden in paying taxes and contributions. The most recent round of data collection for the project was completed on June 30, 2017 covering for the Paying Taxes indicator calendar year 2016 (January 1, 2016 – December 31, 2016).

Last year (Doing Business 2017) the scope of data collection was expanded to better understand the overall tax environment in an economy. The questionnaire was expanded to include new questions on post-filing processes: VAT refund and tax audit. The data shows where postfiling processes and practices work efficiently and what drives the differences in the overall tax compliance cost across economies.

The new section covers both the legal framework and the administrative burden on businesses to comply with postfiling processes.

[See the methodology for more information.](#)

What the indicators measure

Tax payments for a manufacturing company in 2016 (number per year adjusted for electronic and joint filing and payment)

- Total number of taxes and contributions paid, including consumption taxes (value added tax, sales tax or goods and service tax)
- Method and frequency of filing and payment

Time required to comply with 3 major taxes (hours per year)

- Collecting information, computing tax payable
- Completing tax return, filing with agencies
- Arranging payment or withholding
- Preparing separate tax accounting books, if required

Total tax and contribution rate (% of profit before all taxes)

- Profit or corporate income tax
- Social contributions, labor taxes paid by employer
- Property and property transfer taxes
- Dividend, capital gains, financial transactions taxes
- Waste collection, vehicle, road and other taxes

Postfiling Index

- Time to comply with a VAT refund
- Time to receive a VAT refund
- Time to comply with a corporate income tax audit
- Time to complete a corporate income tax audit

Case study assumptions

Using a case scenario, Doing Business records taxes and mandatory contributions a medium size company must pay in a year, and measures the administrative burden of paying taxes, contributions and dealing with postfiling processes. Information is also compiled on frequency of filing and payments, time taken to comply with tax laws, time taken to comply with the requirements of postfiling processes and time waiting.

To make data comparable across economies, several assumptions are used:

- TaxpayerCo is a medium-size business that started operations on January 1, 2015. It produces ceramic flowerpots and sells them at retail. All taxes and contributions recorded are paid in the second year of operation (calendar year 2016). Taxes and mandatory contributions are measured at all levels of government.

The VAT refund process:

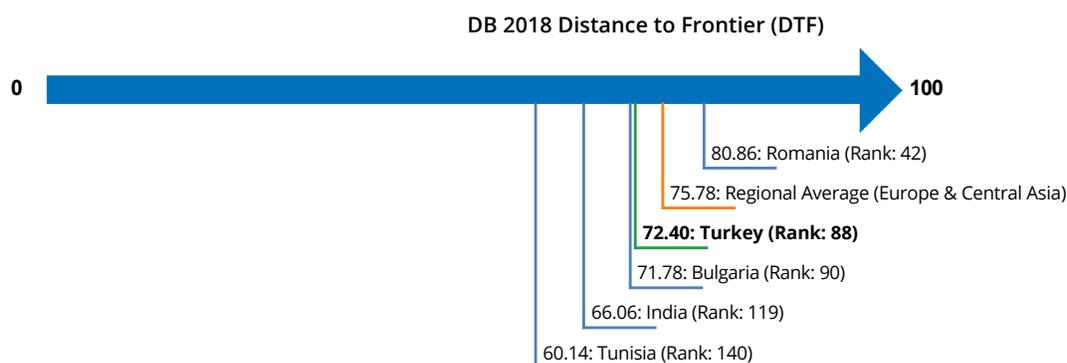
- In June 2016, TaxpayerCo. makes a large capital purchase: the value of the machine is 65 times income per capita of the economy. Sales are equally spread per month (1,050 times income per capita divided by 12) and cost of goods sold are equally expensed per month (875 times income per capita divided by 12). The machinery seller is registered for VAT and excess input VAT incurred in June will be fully recovered after four consecutive months if the VAT rate is the same for inputs, sales and the machine and the tax reporting period is every month. Input VAT will exceed Output VAT in June 2016.

The corporate income tax audit process:

- An error in calculation of income tax liability (for example, use of incorrect tax depreciation rates, or incorrectly treating an expense as tax deductible) leads to an incorrect income tax return and a corporate income tax underpayment. TaxpayerCo. discovered the error and voluntarily notified the tax authority. The value of the underpaid income tax liability is 5% of the corporate income tax liability due. TaxpayerCo. submits corrected information after the deadline for submitting the annual tax return, but within the tax assessment period.

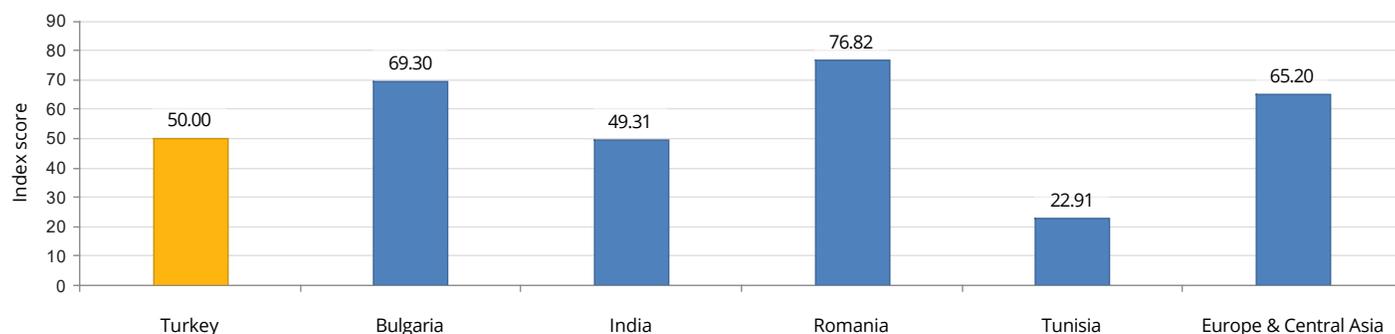
Indicator	Turkey	Europe & Central Asia	OECD high income	Overall Best Performer
Payments (number per year)	11	16.5	10.9	3 (Hong Kong SAR, China)
Time (hours per year)	215.5	218.4	160.7	55 (Luxembourg)
Total tax and contribution rate (% of profit)	41.1	33.1	40.1	18.47% (32 Economies)
Postfiling index (0-100)	50.00	65.20	83.45	99.38 (Estonia)

Figure – Paying Taxes in Turkey and comparator economies – Ranking and DTF



Note: The ranking of economies on the ease of paying taxes is determined by sorting their distance to frontier scores on the ease of paying taxes. These scores are the simple average of the distance to frontier scores for each of the four component indicators – number of tax payments, time, total tax rate and postfiling index – with a threshold and a nonlinear transformation applied to one of the component indicators, the total tax rate. The nonlinear distance to frontier for the total tax rate is equal to the distance to frontier for the total tax rate to the power of 0.8. The threshold is defined as the total tax rate at the 15th percentile of the overall distribution for all years included in the analysis up to and including Doing Business 2015, which is 26.1%. All economies with a total tax rate below this threshold receive the same score as the economy at the threshold.

Figure – Paying Taxes in Turkey and comparator economies – Measure of Quality



Details – Paying Taxes in Turkey

Tax or mandatory contribution	Payments (number)	Notes on Payments	Time (hours)	Statutory tax rate	Tax base	Total tax and contribution rate (% of profit)	Notes on TTR
Corporate income tax	1	online	45	20%	taxable profit	18.16	
Employer paid - Social security contributions	1	online	80	15.5%	gross salaries	17.66	
Employer paid - Unemployment insurance contributions	0	jointly		2%	gross salaries	2.28	
Property transfer fee	1			2%	sale price	1.21	
Property tax	1			0.1% and 0.3% (doubled in Istanbul)	value of building and land (reevaluated each year)	0.88	
Stamp duty on property sale	1			0.948%	sale price	0.57	
Tax on interest	0	withheld		10%-12%-13%-15%-18%	interest income	0.38	included in other taxes
Vehicle tax	1			TRY 2,338	fixed fee	0.21	
Transaction tax on checks	1			TRY 5.25 per check	number of checks	0.11	
Environment tax	1			varies between TRY 3,125 to TRY 25		0.02	
Fuel tax	1			included in fuel price		0.00	small amount

Employee paid - Payroll tax	0	jointly		0.66%	gross salaries	0.00	withheld
Employee paid - Social security contributions	0	jointly		14%	gross salaries	0.00	withheld
Employee paid - Unemployment insurance contributions	0	jointly		1%	gross salaries	0.00	withheld
Value added tax (VAT)	1	online	91	General rate is 18% but varies between 1%-18%	value added	0.00	not included
Advertising tax	1			various rates	advertising expense	0.00	small amount
Totals	11		215.5			41.1	

Details – Paying Taxes in Turkey – Tax by Type

Taxes by type	Answer
Profit tax (% of profit)	18.2
Labor tax and contributions (% of profit)	19.9
Other taxes (% of profit)	3.0

Details – Paying Taxes in Turkey – Measure of Quality

	Answer	Score
Postfiling index (0-100)		50.00
VAT refunds		
Does VAT exist?	Yes	
Does a VAT refund process exist per the case study?	No	
Restrictions on VAT refund process	Restricted to international traders and others	
Percentage of cases exposed to a VAT audit (%)	Not applicable	
Is there a mandatory carry forward period?	No	
Time to comply with VAT refund (hours)	No VAT refund per case study scenario	0

Time to obtain a VAT refund (weeks)	No VAT refund per case study scenario	0
Corporate income tax audits		
Does corporate income tax exist?	Yes	
Percentage of cases exposed to a corporate income tax audit (%)	0% - 24%	
Time to comply with a corporate income tax audit (hours)	1.5	100
Time to complete a corporate income tax audit (weeks)	No tax audit per case study scenario	100

Notes: Names of taxes have been standardized. For instance income tax, profit tax, tax on company's income are all named corporate income tax in this table.

The hours for VAT include all the VAT and sales taxes applicable.

The hours for Social Security include all the hours for labor taxes and mandatory contributions in general.

The postfiling index is the average of the scores on time to comply with VAT refund, time to obtain a VAT refund, time to comply with a corporate income tax audit and time to complete a corporate income tax audit.

N/A = Not applicable.

Trading across Borders

Doing Business records the time and cost associated with the logistical process of exporting and importing goods. Doing Business measures the time and cost (excluding tariffs) associated with three sets of procedures—documentary compliance, border compliance and domestic transport—within the overall process of exporting or importing a shipment of goods. The most recent round of data collection for the project was completed in June 2017. [See the methodology for more information.](#)

Given the importance of trade digitalization, in Doing Business 2018, the Trading across Borders questionnaire included research questions on the availability and status of implementation of Electronic Data Interchange (EDI) and Single Window (SW) systems. With this information, Doing Business built a comprehensive dataset on the adoption and level of sophistication of electronic platforms in 190 economies. These data are not used to compute the distance to frontier score or ranking of the ease of doing business. The new dataset on EDI and SW systems is available [here](#).

What the indicators measure

Documentary compliance

- Obtaining, preparing and submitting documents during transport, clearance, inspections and port or border handling in origin economy
- Obtaining, preparing and submitting documents required by destination economy and any transit economies
- Covers all documents required by law and in practice, including electronic submissions of information

Border compliance

- Customs clearance and inspections
- Inspections by other agencies (if applied to more than 20% of shipments)
- Handling and inspections that take place at the economy's port or border

Domestic transport

- Loading or unloading of the shipment at the warehouse or port/border
- Transport between warehouse and port/border
- Traffic delays and road police checks while shipment is en route

Case study assumptions

To make the data comparable across economies, a few assumptions are made about the traded goods and the transactions:

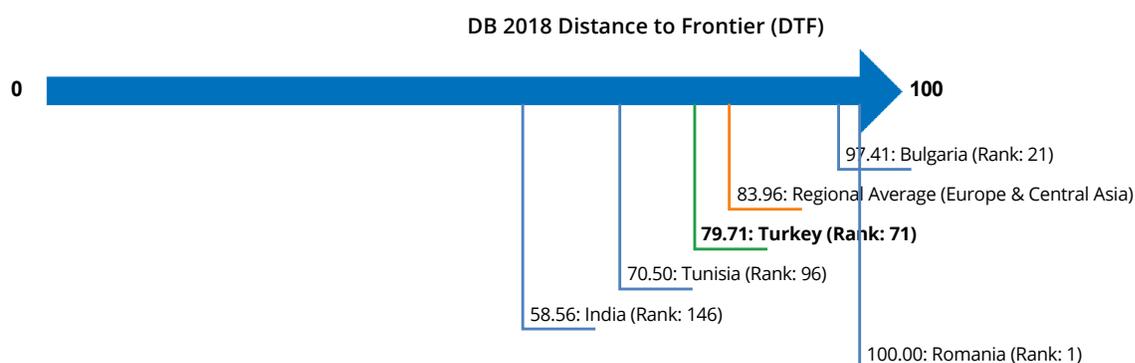
Time: Time is measured in hours, and 1 day is 24 hours (for example, 22 days are recorded as $22 \times 24 = 528$ hours). If customs clearance takes 7.5 hours, the data are recorded as is. Alternatively, suppose documents are submitted to a customs agency at 8:00a.m., are processed overnight and can be picked up at 8:00a.m. the next day. The time for customs clearance would be recorded as 24 hours because the actual procedure took 24 hours.

Cost: Insurance cost and informal payments for which no receipt is issued are excluded from the costs recorded. Costs are reported in U.S. dollars. Contributors are asked to convert local currency into U.S. dollars based on the exchange rate prevailing on the day they answer the questionnaire. Contributors are private sector experts in international trade logistics and are informed about exchange rates.

Assumptions of the case study: - For all 190 economies covered by Doing Business, it is assumed a shipment is in a warehouse in the largest business city of the exporting economy and travels to a warehouse in the largest business city of the importing economy. - It is assumed each economy imports 15 metric tons of containerized auto parts (HS 8708) from its natural import partner—the economy from which it imports the largest value (price times quantity) of auto parts. It is assumed each economy exports the product of its comparative advantage (defined by the largest export value) to its natural export partner—the economy that is the largest purchaser of this product. Shipment value is assumed to be \$50,000. - The mode of transport is the one most widely used for the chosen export or import product and the trading partner, as is the seaport, or land border crossing. - All electronic information submissions requested by any government agency in connection with the shipment are considered to be documents obtained, prepared and submitted during the export or import process. - A port or border is a place (seaport, airport or land border crossing) where merchandise can enter or leave an economy. - Relevant government agencies include customs, port authorities, road police, border guards, standardization agencies, ministries or departments of agriculture or industry, national security agencies and any other government authorities.

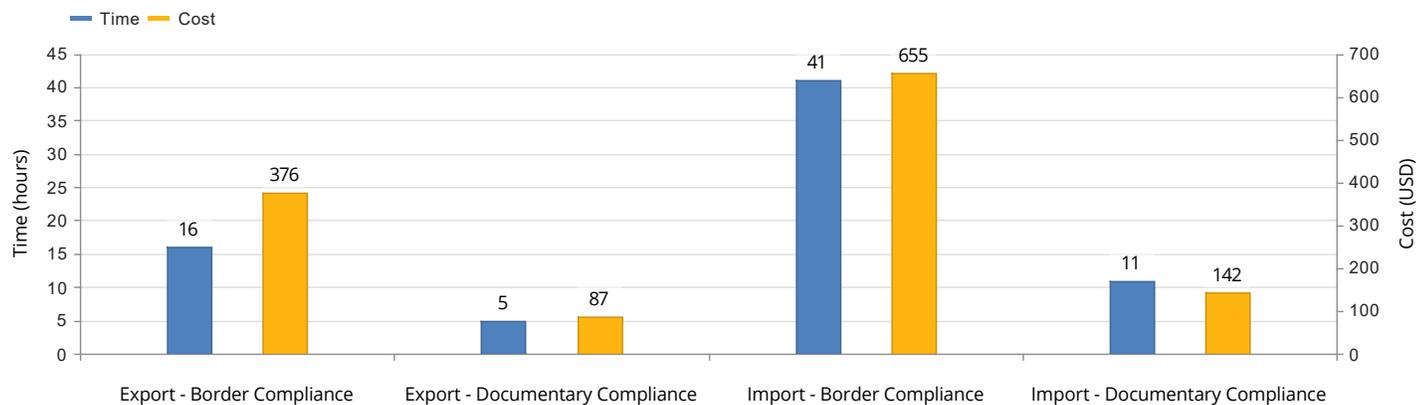
Indicator	Turkey	Europe & Central Asia	OECD high income	Overall Best Performer
Time to export: Border compliance (hours)	16	28.0	12.7	0 (17 Economies)
Cost to export: Border compliance (USD)	376	191.4	149.9	0.00 (19 Economies)
Time to export: Documentary compliance (hours)	5	27.9	2.4	1.0 (25 Economies)
Cost to export: Documentary compliance (USD)	87	113.8	35.4	0.00 (19 Economies)
Time to import: Border compliance (hours)	41	25.9	8.7	0.00 (21 Economies)
Cost to import: Border compliance (USD)	655	185.1	111.6	0.00 (27 Economies)
Time to import: Documentary compliance (hours)	11	27.3	3.5	1.0 (30 Economies)
Cost to import: Documentary compliance (USD)	142	94.7	25.6	0.00 (30 Economies)

Figure – Trading across Borders in Turkey and comparator economies – Ranking and DTF



Note: The ranking of economies on the ease of trading across borders is determined by sorting their distance to frontier scores for trading across borders. These scores are the simple average of the distance to frontier scores for the time and cost for documentary compliance and border compliance to export and import (domestic transport is not used for calculating the ranking).

Figure – Trading across Borders in Turkey – Time and Cost



Details – Trading across Borders in Turkey

Characteristics	Export	Import
Product	HS 87 : Vehicles other than railway or tramway rolling-stock, and parts and accessories thereof	HS 8708: Parts and accessories of motor vehicles
Trade partner	France	Germany
Border	Derince port	Ambarli port
Distance (km)	90	38
Domestic transport time (hours)	3	3
Domestic transport cost (USD)	550	263

Details – Trading across Borders in Turkey – Components of Border Compliance

	Time to Complete (hours)	Associated Costs (USD)
Export: Clearance and inspections required by customs authorities	5.0	66.4
Export: Clearance and inspections required by agencies other than customs	6.0	20.0
Export: Port or border handling	8.0	290.0
Import: Clearance and inspections required by customs authorities	26.6	266.5
Import: Clearance and inspections required by agencies other than customs	9.5	56.2
Import: Port or border handling	16.0	332.5

Details – Trading across Borders in Turkey – Trade Documents

Export	Import
ATR	ATR
Bill of lading	Bill of lading
CMR	Cargo release order
Customs declaration	Carnet TIR
Invoice	CMR waybill
Packing list	Customs import declaration
SOLAS certificate	Freight invoice
	Insurance policy
	Invoice
	Packing list
	Tareks Reference number - Technical certificate
	Warehouse declaration
	SOLAS certificate

Enforcing Contracts

The enforcing contracts indicator measures the time and cost for resolving a commercial dispute through a local first-instance court, and the quality of judicial processes index, evaluating whether each economy has adopted a series of good practices that promote quality and efficiency in the court system. The most recent round of data collection was completed in June 2017. [See the methodology for more information.](#)

What the indicators measure

Time required to enforce a contract through the courts (calendar days)

- Time to file and serve the case
- Time for trial and to obtain the judgment
- Time to enforce the judgment

Cost required to enforce a contract through the courts (% of claim)

- Attorney fees
- Court fees
- Enforcement fees

Quality of judicial processes index (0-18)

- Court structure and proceedings (-1-5)
- Case management (0-6)
- Court automation (0-4)
- Alternative dispute resolution (0-3)

Case study assumptions

The dispute in the case study involves the breach of a sales contract between 2 domestic businesses. The case study assumes that the court hears an expert on the quality of the goods in dispute. This distinguishes the case from simple debt enforcement.

To make the data comparable across economies, Doing Business uses several assumptions about the case:

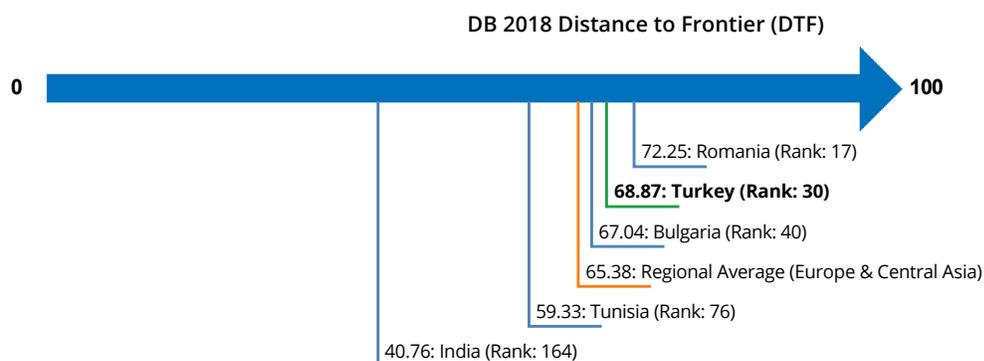
- The dispute concerns a lawful transaction between two businesses (Seller and Buyer), both located in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- The buyer orders custom-made goods, then fails to pay.
- The value of the dispute is 200% of the income per capita or the equivalent in local currency of USD 5,000, whichever is greater.
- The seller sues the buyer before the court with jurisdiction over commercial cases worth 200% of income per capita or \$5,000.
- The seller requests a pretrial attachment to secure the claim.
- The dispute on the quality of the goods requires an expert opinion.
- The judge decides in favor of the seller; there is no appeal.
- The seller enforces the judgment through a public sale of the buyer's movable assets.

Standardized Case

Claim value	TRY 48,991.00
Court name	Istanbul Commercial Court of First Instance
City Covered	Istanbul

Indicator	Turkey	Europe & Central Asia	OECD high income	Overall Best Performer
Time (days)	580	489.9	577.8	164.00 (Singapore)
Cost (% of claim value)	24.9	26.2	21.5	9.00 (Iceland)
Quality of judicial processes index (0-18)	13.0	10.0	11.0	15.50 (Australia)

Figure – Enforcing Contracts in Turkey and comparator economies – Ranking and DTF



Note: The ranking of economies on the ease of enforcing contracts is determined by sorting their distance to frontier scores for enforcing contracts. These scores are the simple average of the distance to frontier scores for each of the component indicators.

Figure – Enforcing Contracts in Turkey – Time and Cost

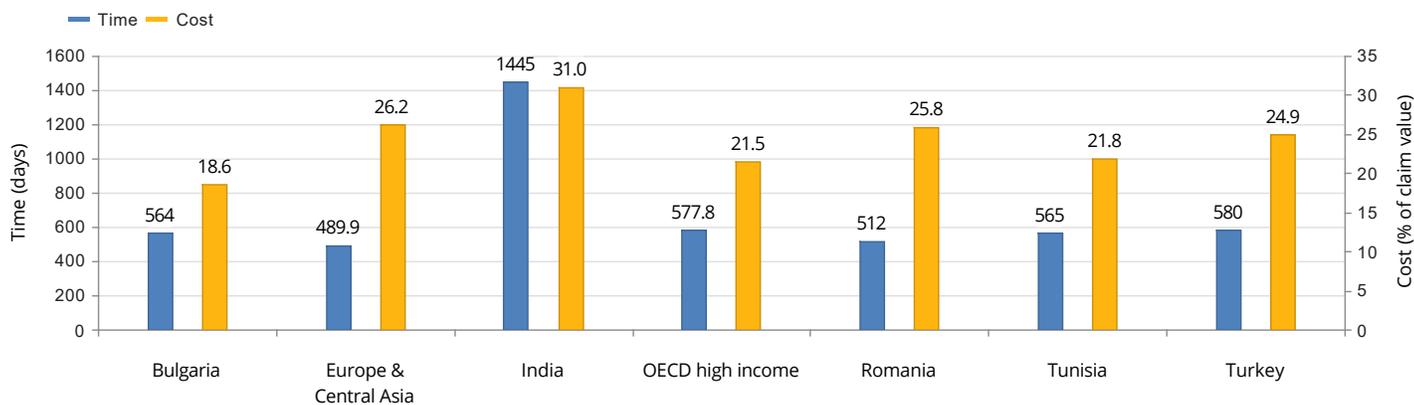
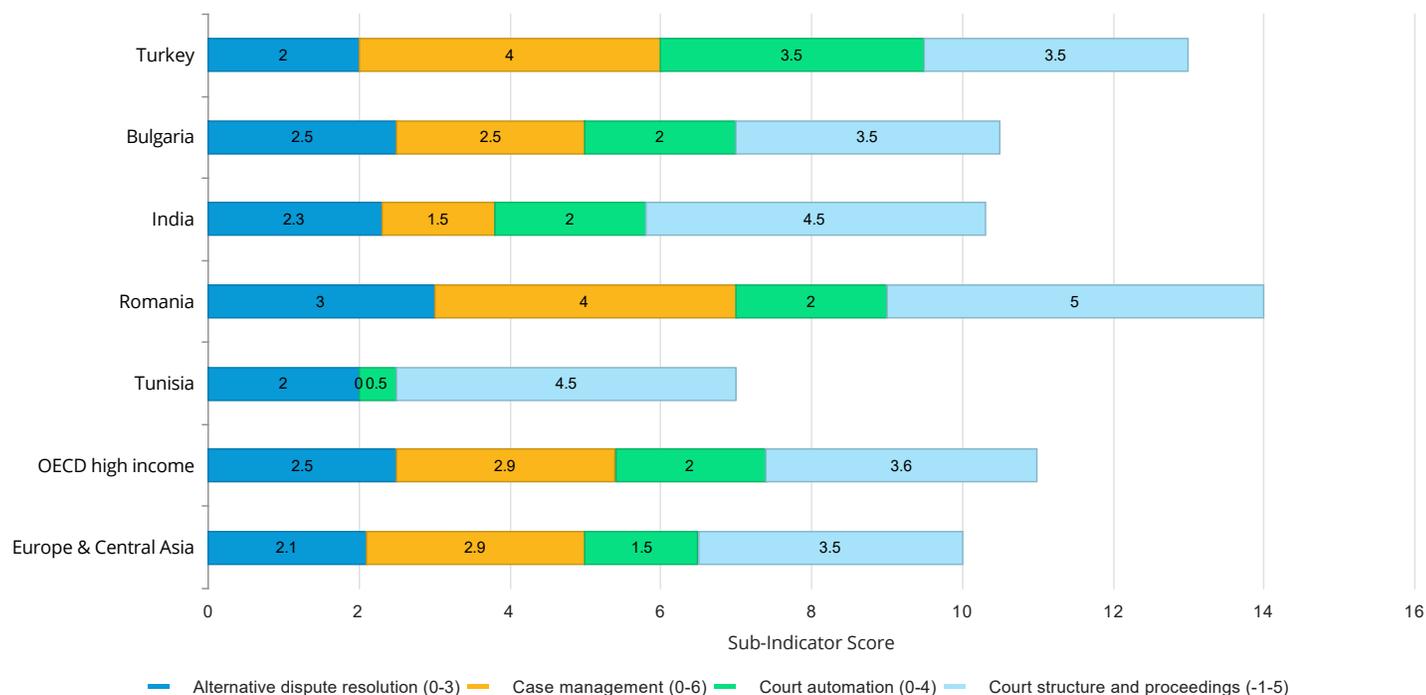


Figure – Enforcing Contracts in Turkey and comparator economies – Measure of Quality



Details – Enforcing Contracts in Turkey

	Indicator
Time (days)	580
Filing and service	30
Trial and judgment	450
Enforcement of judgment	100
Cost (% of claim value)	24.9
Attorney fees	12
Court fees	3
Enforcement fees	9.9
Quality of judicial processes index (0-18)	13.0
Court structure and proceedings (-1-5)	3.5
Case management (0-6)	4.0
Court automation (0-4)	3.5
Alternative dispute resolution (0-3)	2.0

Details – Enforcing Contracts in Turkey – Measure of Quality

	Answer	Score
Quality of judicial processes index (0-18)		13.0
Court structure and proceedings (-1-5)		3.5
1. Is there a court or division of a court dedicated solely to hearing commercial cases?	Yes	1.5
2. Small claims court		0.0
2.a. Is there a small claims court or a fast-track procedure for small claims?	No	
2.b. If yes, is self-representation allowed?	n.a.	
3. Is pretrial attachment available?	Yes	1.0
4. Are new cases assigned randomly to judges?	Yes, automatic	1.0
5. Does a woman's testimony carry the same evidentiary weight in court as a man's?	Yes	0.0
Case management (0-6)		4.0
1. Time standards		1.0
1.a. Are there laws setting overall time standards for key court events in a civil case?	Yes	
1.b. If yes, are the time standards set for at least three court events?	Yes	
1.c. Are these time standards respected in more than 50% of cases?	Yes	
2. Adjournments		0.0
2.a. Does the law regulate the maximum number of adjournments that can be granted?	No	
2.b. Are adjournments limited to unforeseen and exceptional circumstances?	No	
2.c. If rules on adjournments exist, are they respected in more than 50% of cases?	n.a.	
3. Can two of the following four reports be generated about the competent court: (i) time to disposition report; (ii) clearance rate report; (iii) age of pending cases report; and (iv) single case progress report?	No	0.0
4. Is a pretrial conference among the case management techniques used before the competent court?	Yes	1.0
5. Are there any electronic case management tools in place within the competent court for use by judges?	Yes	1.0
6. Are there any electronic case management tools in place within the competent court for use by lawyers?	Yes	1.0
Court automation (0-4)		3.5
1. Can the initial complaint be filed electronically through a dedicated platform within the competent court?	Yes	1.0

2. Is it possible to carry out service of process electronically for claims filed before the competent court?	Yes	1.0
3. Can court fees be paid electronically within the competent court?	Yes	1.0
4. Publication of judgments		0.5
4.a Are judgments rendered in commercial cases at all levels made available to the general public through publication in official gazettes, in newspapers or on the internet or court website?	No	
4.b. Are judgments rendered in commercial cases at the appellate and supreme court level made available to the general public through publication in official gazettes, in newspapers or on the internet or court website?	Yes	
Alternative dispute resolution (0-3)		2.0
1. Arbitration		1.0
1.a. Is domestic commercial arbitration governed by a consolidated law or consolidated chapter or section of the applicable code of civil procedure encompassing substantially all its aspects?	Yes	
1.b. Are there any commercial disputes—aside from those that deal with public order or public policy—that cannot be submitted to arbitration?	Yes	
1.c. Are valid arbitration clauses or agreements usually enforced by the courts?	Yes	
2. Mediation/Conciliation		1.0
2.a. Is voluntary mediation or conciliation available?	Yes	
2.b. Are mediation, conciliation or both governed by a consolidated law or consolidated chapter or section of the applicable code of civil procedure encompassing substantially all their aspects?	Yes	
2.c. Are there financial incentives for parties to attempt mediation or conciliation (i.e., if mediation or conciliation is successful, a refund of court filing fees, income tax credits or the like)?	No	

Resolving Insolvency

Doing Business studies the time, cost and outcome of insolvency proceedings involving domestic legal entities. These variables are used to calculate the recovery rate, which is recorded as cents on the dollar recovered by secured creditors through reorganization, liquidation or debt enforcement (foreclosure or receivership) proceedings. To determine the present value of the amount recovered by creditors, Doing Business uses the lending rates from the International Monetary Fund, supplemented with data from central banks and the Economist Intelligence Unit.

The most recent round of data collection for the project was completed in June 2017. [See the methodology for more information.](#)

What the indicators measure

Time required to recover debt (years)

- Measured in calendar years
- Appeals and requests for extension are included

Cost required to recover debt (% of debtor's estate)

- Measured as percentage of estate value
- Court fees
- Fees of insolvency administrators
- Lawyers' fees
- Assessors' and auctioneers' fees
- Other related fees

Outcome

- Whether business continues operating as a going concern or business assets are sold piecemeal

Recovery rate for creditors

- Measures the cents on the dollar recovered by secured creditors
- Outcome for the business (survival or not) determines the maximum value that can be recovered
- Official costs of the insolvency proceedings are deducted
- Depreciation of furniture is taken into account
- Present value of debt recovered

Strength of insolvency framework index (0- 16)

- Sum of the scores of four component indices:
- Commencement of proceedings index (0-3)
- Management of debtor's assets index (0-6)
- Reorganization proceedings index (0-3)
- Creditor participation index (0-4)

Case study assumptions

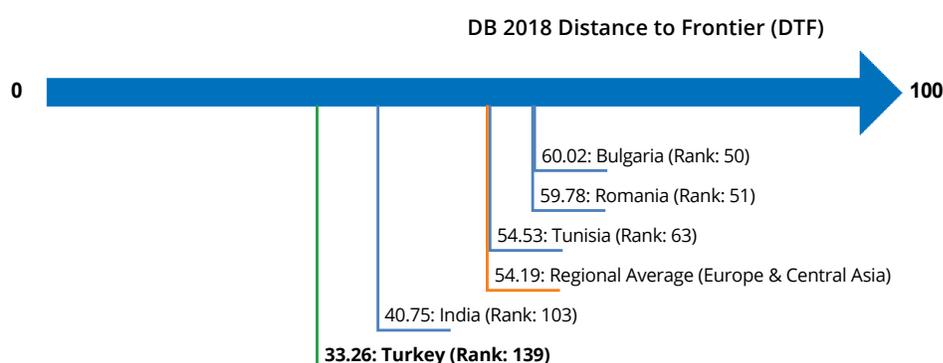
To make the data on the time, cost and outcome comparable across economies, several assumptions about the business and the case are used:

- A hotel located in the largest city (or cities) has 201 employees and 50 suppliers. The hotel experiences financial difficulties.
- The value of the hotel is 100% of the income per capita or the equivalent in local currency of USD 200,000, whichever is greater.
- The hotel has a loan from a domestic bank, secured by a mortgage over the hotel's real estate. The hotel cannot pay back the loan, but makes enough money to operate otherwise.

In addition, Doing Business evaluates the adequacy and integrity of the existing legal framework applicable to liquidation and reorganization proceedings through the strength of insolvency framework index. The index tests whether economies adopted internationally accepted good practices in four areas: commencement of proceedings, management of debtor's assets, reorganization proceedings and creditor participation.

Indicator	Turkey	Europe & Central Asia	OECD high income	Overall Best Performer
Recovery rate (cents on the dollar)	15.3	38.0	71.2	93.1 (Norway)
Time (years)	5.0	2.3	1.7	0.4 (Ireland)
Cost (% of estate)	14.5	13.1	9.1	1.00 (Norway)
Outcome (0 as piecemeal sale and 1 as going concern)	0
Strength of insolvency framework index (0-16)	8.0	10.8	12.1	15.00 (6 Economies)

Figure – Resolving Insolvency in Turkey and comparator economies – Ranking and DTF



Note: The ranking of economies on the ease of resolving insolvency is determined by sorting their distance to frontier scores for resolving insolvency. These scores are the simple average of the distance to frontier scores for the recovery rate and the strength of insolvency framework index.

Figure – Resolving Insolvency in Turkey – Time and Cost

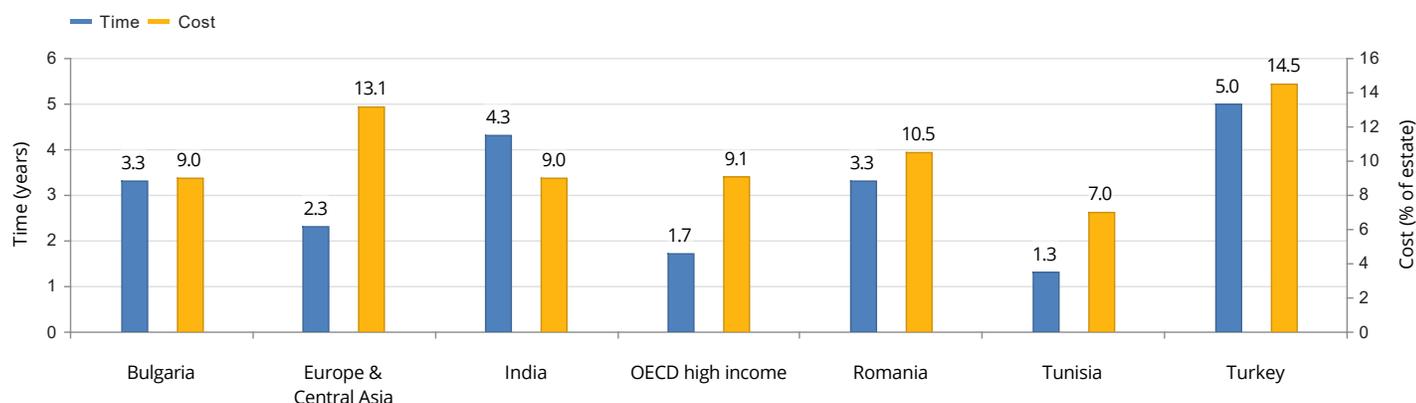


Figure – Resolving Insolvency in Turkey and comparator economies – Measure of Quality

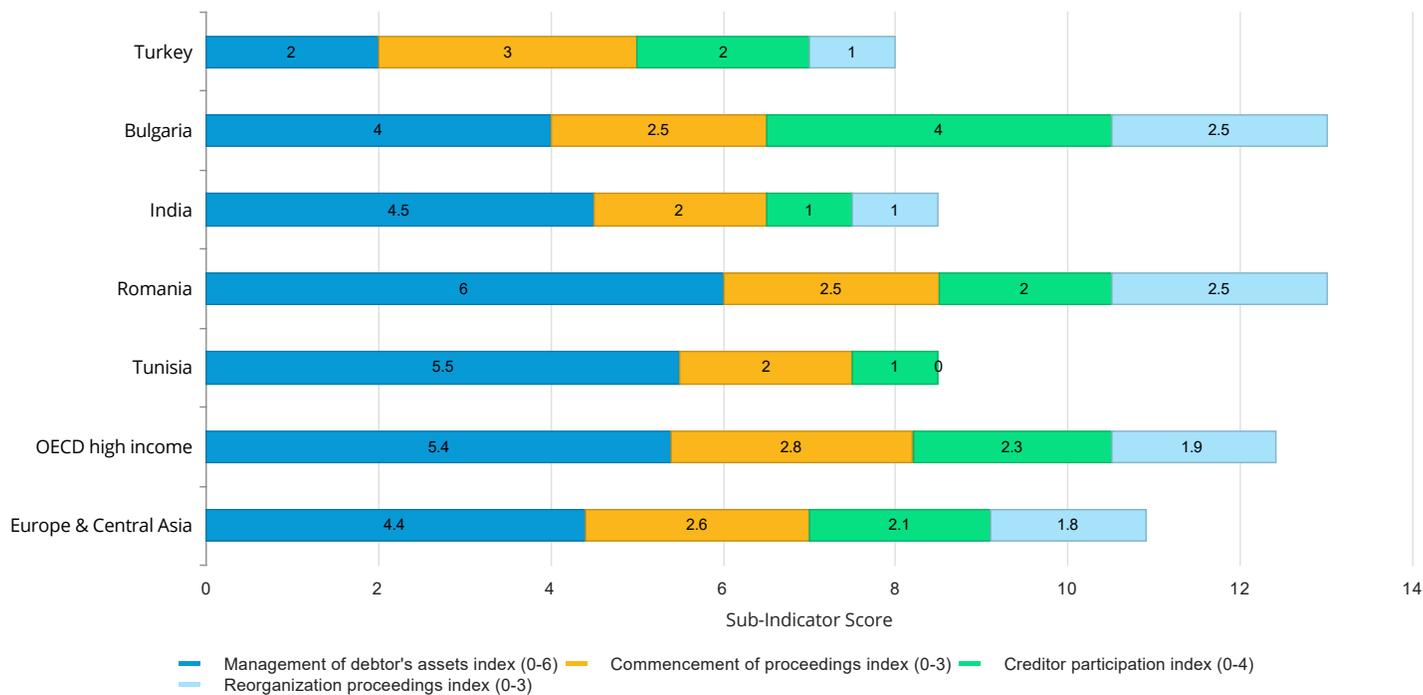
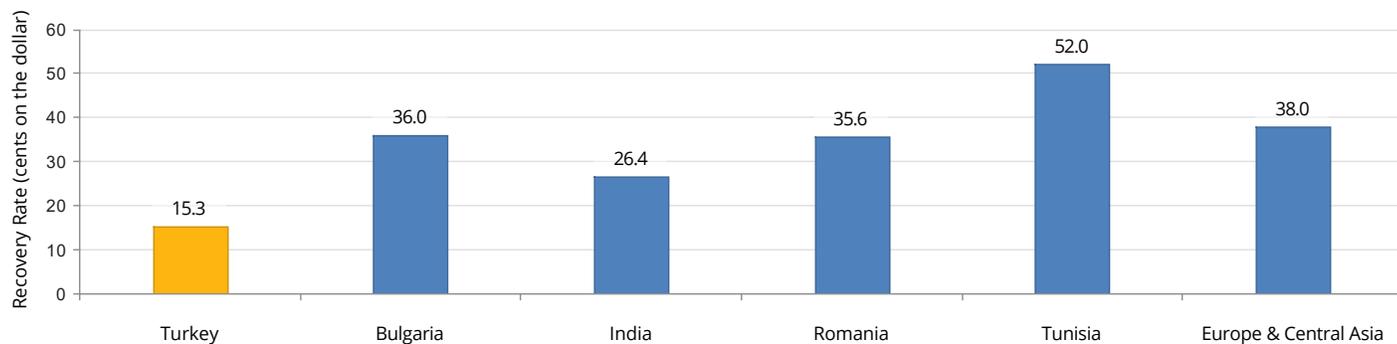


Figure – Resolving Insolvency in Turkey and comparator economies – Recovery Rate



Details – Resolving Insolvency in Turkey

Indicator	Answer	Explanation
Proceeding	liquidation (after an attempt at reorganization)	The most common and practical way for the hotel to proceed was the postponement of bankruptcy procedure. Article 377 of Turkish Commercial Code and Article 179 of the Turkish Enforcement and Bankruptcy Code regulate this procedure. The debtor must propose a rehabilitation plan. The court may decide to grant up to one year for the debtor to attempt rehabilitation based on the proposed plan. This period can be extended up to 4 years in total. Upon the decision on postponement of bankruptcy, no legal proceeding (including the proceedings for the collection of the public receivables) can be initiated against the debtor and the pending proceedings will be deferred. If the court agrees to postpone the bankruptcy, it will also appoint an administrator in the same decision. The maximum postponement period is one year (it can be extended up to 4 years) during which time the administrator will supervise the business. In most cases, similar to the case study, the debtor does not achieve the projections of the rehabilitation plan and the court will commence liquidation proceedings. However, the postponement of bankruptcy procedures are temporarily suspended by the Statutory Decrees until the end of state of emergency.
Outcome	piecemeal sale	If the debtor fails to achieve its goals shown in the rehabilitation report, then the court will rule for opening its bankruptcy. Therefore in that case it would not be possible for the debtor to continue operating as a going concern.
Time (in years)	5.0	After several months of procedural matters and hearings, the court will grant a one-year postponement of bankruptcy period to Mirage. This period can be extended up to 5 years depending on the achievement of the rehabilitation plan. In the case of Mirage, the postponement period will last 3 years in total. After the third year, Mirage can request an extension of the postponement period (another year), however, the court will likely deny this request, because Mirage is not likely to comply with the financial projections of the proposed rehabilitation plan. The court will declare Mirage bankrupt and notify the bankruptcy office. Bankruptcy administrators will be appointed and will carry out the liquidation procedure. Bankruptcy administrators will examine the inventory and financials of the company, review creditors' claims, prepare creditors' list, organize creditors' meetings and facilitate the sale of the hotel's assets. The bankruptcy procedure will last 18 months. Given the recent restructuring of its commercial courts, pending cases are experiencing significant delays while case files are being reassigned to new courts. It is however expected that this reform will speed up proceedings in the longer term.
Cost (% of estate)	14.5	The largest part of the expenses is government levies (4.55% for bankruptcy) and other case-related costs (court fees, publication costs, stamp duty, etc.). Attorney fees comprise about 5% of the total expenses, as per the fee schedule for Monetary Claims and related proceedings before Execution and Bankruptcy Offices. Fees of administrators, auctioneers, accountants and other professionals involved in the insolvency proceedings make up the rest of the expenses.
Recovery rate (cents on the dollar)		15.3

Details – Resolving Insolvency in Turkey – Measure of Quality

	Answer	Score
Strength of insolvency framework index (0-16)		8.0
Commencement of proceedings index (0-3)		3.0
What procedures are available to a DEBTOR when commencing insolvency proceedings?	(a) Debtor may file for both liquidation and reorganization	1.0
Does the insolvency framework allow a CREDITOR to file for insolvency of the debtor?	(a) Yes, a creditor may file for both liquidation and reorganization	1.0
What basis for commencement of the insolvency proceedings is allowed under the insolvency framework?	(c) Both (a) and (b) options are available, but only one of them needs to be complied with	1.0
Management of debtor's assets index (0-6)		2.0
Does the insolvency framework allow the continuation of contracts supplying essential goods and services to the debtor?	No	0.0
Does the insolvency framework allow the rejection by the debtor of overly burdensome contracts?	No	0.0
Does the insolvency framework allow avoidance of preferential transactions?	Yes	1.0
Does the insolvency framework allow avoidance of undervalued transactions?	Yes	1.0
Does the insolvency framework provide for the possibility of the debtor obtaining credit after commencement of insolvency proceedings?	No	0.0
Does the insolvency framework assign priority to post-commencement credit?	(c) No priority is assigned to post-commencement creditors	0.0
Reorganization proceedings index (0-3)		1.0
Which creditors vote on the proposed reorganization plan?	(c) Other	0.0
Does the insolvency framework require that dissenting creditors in reorganization receive at least as much as what they would obtain in a liquidation?	Yes	1.0
Are the creditors divided into classes for the purposes of voting on the reorganization plan, does each class vote separately and are creditors in the same class treated equally?	No	0.0
Creditor participation index (0-4)		2.0

Does the insolvency framework require approval by the creditors for selection or appointment of the insolvency representative?	Yes	1.0
Does the insolvency framework require approval by the creditors for sale of substantial assets of the debtor?	No	0.0
Does the insolvency framework provide that a creditor has the right to request information from the insolvency representative?	No	0.0
Does the insolvency framework provide that a creditor has the right to object to decisions accepting or rejecting creditors' claims?	Yes	1.0

Note: Even if the economy's legal framework includes provisions related to insolvency proceedings (liquidation or reorganization), the economy receives 0 points for the strength of insolvency framework index, if time, cost and outcome indicators are recorded as "no practice".

Labor Market Regulation

Doing Business presents the data for the labor market regulation indicators in an annex. The report does not present rankings of economies on these indicators or include the topic in the aggregate distance to frontier score or ranking on the ease of doing business. Detailed data collected on labor market regulation are available on the Doing Business website (<http://www.doingbusiness.org/data/exploretopics/labor-market-regulation>).

The most recent round of data collection was completed in June 2017. [See the methodology for more information.](#)

What the indicators measure

Hiring

(i) whether fixed-term contracts are prohibited for permanent tasks; (ii) maximum cumulative duration of fixed-term contracts; (iii) length of the probationary period; (iv) minimum wage.

Working hours

(i) maximum number of working days allowed per week; (ii) premiums for work: at night, on a weekly rest day and overtime; (iii) whether there are restrictions on work at night, work on a weekly rest day and for overtime work; (iv) whether nonpregnant and nonnursing women can work same night hours as men; (v) length of paid annual leave.

Redundancy rules

(i) whether redundancy can be basis for terminating workers; (ii) whether employer needs to notify and/or get approval from third party to terminate 1 redundant worker and a group of 9 redundant workers; (iii) whether law requires employer to reassign or retrain a worker before making worker redundant; (iv) whether priority rules apply for redundancies and reemployment.

Redundancy cost

(i) notice period for redundancy dismissal; (ii) severance payments due when terminating a redundant worker.

Job quality

(i) whether law mandates equal remuneration for work of equal value and nondiscrimination based on gender in hiring; (ii) whether law mandates paid or unpaid maternity leave; (iii) length of paid maternity leave; (iv) whether employees on maternity leave receive 100% of wages; (v) availability of five fully paid days of sick leave a year; (vi) eligibility requirements for unemployment protection.

Case study assumptions

To make the data comparable across economies, several assumptions about the worker and the business are used.

The worker:

- Is a cashier in a supermarket or grocery store, age 19, with one year of work experience.
- Is a full-time employee.
- Is not a member of the labor union, unless membership is mandatory.

The business:

- Is a limited liability company (or the equivalent in the economy).
- Operates a supermarket or grocery store in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Has 60 employees.
- Is subject to collective bargaining agreements if such agreements cover more than 50% of the food retail sector and they apply even to firms that are not party to them.
- Abides by every law and regulation but does not grant workers more benefits than those mandated by law, regulation or (if applicable) collective bargaining agreements.

Details – Labor Market Regulation in Turkey

	Answer
Hiring	
Fixed-term contracts prohibited for permanent tasks?	Yes
Maximum length of a single fixed-term contract (months)	No limit
Maximum length of fixed-term contracts, including renewals (months)	No limit
Minimum wage applicable to the worker assumed in the case study (US\$/month)	616.3
Ratio of minimum wage to value added per worker	0.4
Maximum length of probationary period (months)	2.0
Working hours	
Standard workday	7.5
Maximum number of working days per week	6.0
Premium for night work (% of hourly pay)	0.0
Premium for work on weekly rest day (% of hourly pay)	100.0
Premium for overtime work (% of hourly pay)	50.0
Restrictions on night work?	Yes
Whether nonpregnant and nonnursing women can work the same night hours as men	No
Restrictions on weekly holiday?	No
Restrictions on overtime work?	No
Paid annual leave for a worker with 1 year of tenure (working days)	14.0
Paid annual leave for a worker with 5 years of tenure (working days)	20.0
Paid annual leave for a worker with 10 years of tenure (working days)	20.0
Paid annual leave (average for workers with 1, 5 and 10 years of tenure, in working days)	18.0
Redundancy rules	
Dismissal due to redundancy allowed by law?	Yes
Third-party notification if one worker is dismissed?	No
Third-party approval if one worker is dismissed?	No
Third-party notification if nine workers are dismissed?	No
Third-party approval if nine workers are dismissed?	No

Retraining or reassignment obligation before redundancy?	No
Priority rules for redundancies?	No
Priority rules for reemployment?	Yes
Redundancy cost	
Notice period for redundancy dismissal for a worker with 1 year of tenure	4.0
Notice period for redundancy dismissal for a worker with 5 years of tenure	8.0
Notice period for redundancy dismissal for a worker with 10 years of tenure	8.0
Notice period for redundancy dismissal (average for workers with 1, 5 and 10 years of tenure)	6.7
Severance pay for redundancy dismissal for a worker with 1 year of tenure	4.3
Severance pay for redundancy dismissal for a worker with 5 years of tenure	21.7
Severance pay for redundancy dismissal for a worker with 10 years of tenure	43.3
Severance pay for redundancy dismissal (average for workers with 1, 5 and 10 years of tenure)	23.1
Job quality	
Equal remuneration for work of equal value?	Yes
Gender nondiscrimination in hiring?	Yes
Paid or unpaid maternity leave mandated by law?	Yes
Minimum length of maternity leave (calendar days)?	112.0
Receive 100% of wages on maternity leave?	No
Five fully paid days of sick leave a year?	Yes
Unemployment protection after one year of employment?	Yes
Minimum contribution period for unemployment protection (months)?	6.0

Business Reforms in Turkey

In the year ending June 1, 2017, 119 economies implemented 264 total reforms across the different areas measured by Doing Business. Doing Business has recorded more than 2,900 regulatory reforms making it easier to do business since 2004. Reforms inspired by Doing Business have been implemented by economies in all regions. The following are the reforms for Turkey implemented since Doing Business 2008.

✓ = Doing Business reform making it easier to do business. ✗ = Change making it more difficult to do business.

DB2018

- ✓ **Registering Property:** Turkey made registering property easier by lowering the costs of transferring property.
- ✓ **Getting Credit:** Turkey strengthened access to credit by adopting a new law on secured transactions that establishes a unified collateral registry and allows out-of-court enforcement of collateral. Turkey also improved its credit information system by adopting a new law on personal data protection.
- ✗ **Resolving Insolvency:** Turkey made resolving insolvency more difficult by suspending applications for postponement of bankruptcy procedures introduced both before and during the state of emergency.

DB2017

- ✓ **Starting a Business:** Turkey simplified the process of starting a business by reducing the time needed to register a company.
- ✓ **Paying Taxes:** Turkey made paying taxes easier by introducing electronic invoicing and electronic bookkeeping. At the same time, however, Turkey also increased the rate of transaction tax applicable on checks.

DB2016

- ✓ **Dealing with Construction Permits:** Turkey made dealing with construction permits easier by streamlining the process to obtain the fire clearance.

DB2015

- ✗ **Starting a Business:** Turkey made starting a business more difficult by increasing the notary and company registration fees.
- ✗ **Paying Taxes:** Turkey made paying taxes more costly for companies by increasing employers' social security contribution rate.
- ✓ **Enforcing Contracts:** Turkey made enforcing contracts easier by introducing an electronic filing system for court users.

DB2014

- ✗ **Starting a Business:** Turkey made starting a business more difficult by increasing the minimum capital requirement.
- ✓ **Dealing with Construction Permits:** Turkey reduced the time required for dealing with construction permits by setting strict time limits for granting a lot plan and by reducing the documentation requirements for an occupancy permit.
- ✓ **Getting Electricity:** Turkey made getting electricity easier by eliminating external inspections and reducing some administrative costs.
- ✗ **Registering Property:** Turkey made transferring property more costly by increasing the registration and several other fees.
- ✓ **Protecting Minority Investors:** Turkey strengthened investor protections through a new commercial code that requires directors found liable in abusive related-party transactions to disgorge their profits and that allows shareholders to request the appointment of an auditor to investigate alleged prejudicial conflicts of interest.

DB2013

- ✓ **Dealing with Construction Permits:** Turkey made dealing with construction permits easier by eliminating the requirement to build a shelter in nonresidential buildings with a total area of less than 1,500 square meters.
- ✓ **Enforcing Contracts:** Turkey made enforcing contracts easier by introducing a new civil procedure law.

DB2012

✓ **Starting a Business:** Turkey made starting a business less costly by eliminating notarization fees for the articles of association and other documents.

✓ **Paying Taxes:** Turkey lowered the social security contribution rate for companies by offering them a 5% rebate

DB2010

✓ **Getting Credit:** Turkey's private credit bureau added firms to its database, improving access to credit information.

DB2009

✓ **Protecting Minority Investors:** Turkey strengthened investor protections by requiring that an independent auditor assess related-party transactions before approval.

DB2008

✓ **Paying Taxes:** Turkey made paying taxes less costly for companies by reducing the tax rates on corporate income and on interest.

✓ **Trading across Borders:** Turkey made trading across borders easier by introducing an electronic data interchange system, improving information technology infrastructure and training some 2,500 customs officers and 14,000 traders.

Doing Business 2018 is the 15th in a series of annual reports investigating the regulations that enhance business activity and those that constrain it. The report provides quantitative indicators covering 11 areas of the business environment in 190 economies. The goal of the *Doing Business* series is to provide objective data for use by governments in designing sound business regulatory policies and to encourage research on the important dimensions of the regulatory environment for firms.



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