

21 November 2018

**NEW AMENDMENTS BROUGHT BY THE COMMUNIQUE RELATED TO THE DECREE  
NO. 32 ON THE PROTECTION OF THE VALUE OF TURKISH CURRENCY**

After the publication date of the Communiqué on the Amendments to the Communiqué Related to the Decree No. 32 on the Protection of the Value of Turkish Currency (No:2018-32/51) (**Communiqué No.51**) which was published in the Official Gazette on October 6, 2018 and entered into force through its publication, a new Communiqué (No:2018-32/52) (**Communiqué**) was published in the Official Gazette dated November 16, 2018 and entered into force on the same date. Exceptions to the transactions that fall within the scope of the foreign exchange prohibition were extended and some issues were clarified by virtue of the amendments set forth in the Communiqué.

Aforementioned amendments are as follows:

- Although abroad branches, representation offices, bureaus, liaison offices, operated or managed funds, companies with their direct or indirect shareholding over fifty percent; which are belonging to the residents in Turkey are deemed as residents in Turkey, in case the contract is performed abroad, the foreign exchange prohibition will not be applicable.
- For real estate sales contracts, including residence and roofed workplaces, the expression of “real estate located in the country” has been added and the scope of the relevant provision has been clarified. Accordingly, the contract amount and other payment obligations in relation to real estate sales contracts including residence and roofed workplaces abroad may be determined in foreign currency or foreign currency indexed.
- The following contracts are excluded from the scope of the foreign exchange prohibition and the payment obligations of such contracts are not required to be adapted to the Turkish Lira.
  - ✓ Real estate sales or lease contracts executed as the buyer or lessee by (a) a non-Turkish citizen person resident in Turkey or (b) abroad residents’ Turkish (i) branches; (ii) representation offices; (iii) bureaus; (iv) liaison offices; (v) companies with direct or indirect shareholding over fifty percent; or (vi) companies under their joint control and/or control or (c) free zones companies within the scope of their activities in free zones ((b) and (c) referred to as **Excepted Parties**),
  - ✓ Commercial sales contracts for transport of passengers executed prior to 13/09/2018,
  - ✓ Sale, purchase and lease contracts for construction equipments,
  - ✓ Lease contracts executed for the purpose of operation of accommodation facilities certified by the Ministry of Culture and Tourism,
  - ✓ Lease contracts of duty-free shop,

- ✓ Leasing contracts subject to the ships defined in Turkish International Ship Registry Law and Decree Law No.491,
  - ✓ Financial leasing contracts related to movable properties and real estates executed prior to 13/09/2018,
  - ✓ Employment and service contracts executed by the Excepted Parties as employer or buyer,
  - ✓ Employment agreements of ships' crew, and
  - ✓ Contracts executed for the transactions carried out under Law no. 4749 on Regulating Public Finance and Debt Management and the contracts executed by a bank which are related to such transactions.
- Although it is executed between residents in Turkey, if the construction agreement that the contractor assumes foreign exchange costs and expenses; contract amount and other payment obligations may be determined in foreign currency or foreign currency indexed.
  - Pursuant to the Communiqué No. 51, provided that it is in the scope of execution of the foreign exchange denominated or indexed tenders, contracts and international agreements, to which a public institution or organization is a party, the amounts related to contracts which will be executed with third parties by contractors other than real estate sales, lease and employment contracts may be determined in foreign currency. The Communiqué now excludes lease contracts of real estates from this scope and hence, such contracts may be executed in foreign currency or foreign currency indexed.
  - In relation to sales contracts subject to software produced abroad in the context of information technologies executed between residents in Turkey and license and service contracts subject to hardware and software produced abroad executed between residents in Turkey, contract amount and other payment obligations may be determined in foreign currency or foreign currency indexed.
  - The obligation of adaption to Turkish Lira has been eliminated in relation to the negotiable instruments issued and circulated prior to 13/09/2018.
  - The obligation of adaption to Turkish Lira has been eliminated in relation to (i) the amounts of collected or overdue receivables in contracts that cannot be determined in foreign currency; (ii) the deposit amounts given under real estate lease contracts and (iii) the negotiable instrument amounts circulated for the execution of the contracts has been eliminated.

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