GLOBAL FORUM ON
TRANSPARENCY AND EXCHANGE OF INFORMATION FOR TAX PURPOSES

Peer Review Report on the Exchange of Information on Request

TÜRKIYE

2022 (Second Round)

OECD

Global Forum on Transparency and Exchange of Information for Tax Purposes: Türkiye 2022 (Second Round)

PEER REVIEW REPORT ON THE EXCHANGE OF INFORMATION ON REQUEST

OECD
BETTER POLICIES FOR BETTER LIVES

This peer review report was approved by the Peer Review Group of the Global Forum on Transparency and Exchange of Information for Tax Purposes on 11 October 2022 and adopted by the Global Forum members on 7 November 2022. The report was prepared for publication by the Secretariat of the Global Forum on Transparency and Exchange of Information for Tax Purposes.

This document, as well as any data and map included herein, are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

Note by the Republic of Türkiye
The information in this document with reference to "Cyprus" relates to the southern part of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. Türkiye recognises the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of the United Nations, Türkiye shall preserve its position concerning the "Cyprus issue".

Note by all the European Union Member States of the OECD and the European Union
The Republic of Cyprus is recognised by all members of the United Nations with the exception of Türkiye. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus.

Please cite this publication as:
OECD (2022), *Global Forum on Transparency and Exchange of Information for Tax Purposes: Türkiye 2022 (Second Round): Peer Review Report on the Exchange of Information on Request*, Global Forum on Transparency and Exchange of Information for Tax Purposes, OECD Publishing, Paris, https://doi.org/10.1787/b2af0142-en.

ISBN 978-92-64-39911-2 (print)
ISBN 978-92-64-71902-6 (pdf)

Global Forum on Transparency and Exchange of Information for Tax Purposes
ISSN 2219-4681 (print)
ISSN 2219-469X (online)

Photo credits: OECD with cover illustration by Renaud Madignier.

Corrigenda to publications may be found on line at: www.oecd.org/about/publishing/corrigenda.htm.
© OECD 2022

The use of this work, whether digital or print, is governed by the Terms and Conditions to be found at https://www.oecd.org/termsandconditions.

Table of contents

Reader's guide 5

Abbreviations and acronyms 9

Executive summary 11

Summary of determinations, ratings and recommendations 17

Overview of Türkiye 25

Part A: Availability of information 33

A.1. Legal and beneficial ownership and identity information 33
A.2. Accounting records 84
A.3. Banking information 97

Part B: Access to information 107

B.1. Competent authority's ability to obtain and provide information 107
B.2. Notification requirements, rights and safeguards 119

Part C: Exchange of information 121

C.1. Exchange of information mechanisms 121
C.2. Exchange of information mechanisms with all relevant partners 130
C.3. Confidentiality 131
C.4. Rights and safeguards of taxpayers and third parties 137
C.5. Requesting and providing information in an effective manner 138

Annex 1: List of in-text recommendations 155

Annex 2: List of Türkiye's EOI mechanisms 157

Annex 3: Methodology for the review 163

Annex 4: Türkiye's response to the review report 166

Reader's guide

The Global Forum on Transparency and Exchange of Information for Tax Purposes (the Global Forum) is the multilateral framework within which work in the area of tax transparency and exchange of information is carried out by over 160 jurisdictions that participate in the Global Forum on an equal footing. The Global Forum is charged with the in-depth monitoring and peer review of the implementation of the international standards of transparency and exchange of information for tax purposes (both on request and automatic).

Sources of the Exchange of Information on Request standards and Methodology for the peer reviews

The international standard of exchange of information on request (EOIR) is primarily reflected in the 2002 OECD Model Agreement on Exchange of Information on Tax Matters and its commentary, Article 26 of the OECD Model Tax Convention on Income and on Capital and its commentary and Article 26 of the United Nations Model Double Taxation Convention between Developed and Developing Countries and its commentary. The EOIR standard provides for exchange on request of information foreseeably relevant for carrying out the provisions of the applicable instrument or to the administration or enforcement of the domestic tax laws of a requesting jurisdiction. Fishing expeditions are not authorised but all foreseeably relevant information must be provided, including ownership, accounting and banking information.

All Global Forum members, as well as non-members that are relevant to the Global Forum's work, are assessed through a peer review process for their implementation of the EOIR standard as set out in the 2016 Terms of Reference (ToR), which break down the standard into 10 essential elements under three categories: (A) availability of ownership, accounting and banking information; (B) access to information by the competent authority; and (C) exchanging information.

The assessment results in recommendations for improvements where appropriate and an overall rating of the jurisdiction's compliance with the EOIR standard based on:

1. The implementation of the EOIR standard in the legal and regulatory framework, with each of the element of the standard determined to be either (i) in place, (ii) in place but certain aspects need improvement, or (iii) not in place.
2. The implementation of that framework in practice with each element being rated (i) compliant, (ii) largely compliant, (iii) partially compliant, or (iv) non-compliant.

The response of the assessed jurisdiction to the report is available in an annex. Reviewed jurisdictions are expected to address any recommendations made, and progress is monitored by the Global Forum.

A first round of reviews was conducted over 2010-16. The Global Forum started a second round of reviews in 2016 based on enhanced Terms of Reference, which notably include new principles agreed in the 2012 update to Article 26 of the OECD Model Tax Convention and its commentary, the availability of and access to beneficial ownership information, and completeness and quality of outgoing EOI requests. Clarifications were also made on a few other aspects of the pre-existing Terms of Reference (on foreign companies, record keeping periods, etc.).

Whereas the first round of reviews was generally conducted in two phases for assessing the legal and regulatory framework (Phase 1) and EOIR in practice (Phase 2), the second round of reviews combine both assessment phases into a single review. For the sake of brevity, on those topics where there has not been any material change in the assessed jurisdictions or in the requirements of the Terms of Reference since the first round, the second round review does not repeat the analysis already conducted. Instead, it summarises the conclusions and includes cross-references to the analysis in the previous report(s). Information on the Methodology used for this review is set out in Annex 3 to this report.

Consideration of the Financial Action Task Force Evaluations and Ratings

The Financial Action Task Force (FATF) evaluates jurisdictions for compliance with anti-money laundering and combating terrorist financing (AML/CFT) standards. Its reviews are based on a jurisdiction's compliance with 40 different technical recommendations and the effectiveness regarding 11 immediate outcomes, which cover a broad array of money-laundering issues.

The definition of beneficial owner included in the 2012 FATF standards has been incorporated into elements A.1, A.3 and B.1 of the 2016 ToR. The 2016 ToR also recognises that FATF materials can be relevant for carrying out EOIR assessments to the extent they deal with the definition of beneficial ownership, as the FATF definition is used in the 2016 ToR (see 2016 ToR, Annex 1, part I.D). It is also noted that the purpose for which the FATF materials have been produced (combating money-laundering and terrorist financing) is different from the purpose of the EOIR standard (ensuring effective exchange of information for tax purposes), and care should be taken to ensure that assessments under the ToR do not evaluate issues that are outside the scope of the Global Forum's mandate.

While on a case-by-case basis an EOIR assessment may take into account some of the findings made by the FATF, the Global Forum recognises that the evaluations of the FATF cover issues that are not relevant for the purposes of ensuring effective exchange of information on beneficial ownership for tax purposes. In addition, EOIR assessments may find that deficiencies identified by the FATF do not have an impact on the availability of beneficial ownership information for tax purposes; for example, because mechanisms other than those that are relevant for AML/CFT purposes exist within that jurisdiction to ensure that beneficial ownership information is available for tax purposes.

These differences in the scope of reviews and in the approach used may result in differing conclusions and ratings.

More information

All reports are published once adopted by the Global Forum. For more information on the work of the Global Forum on Transparency and Exchange of Information for Tax Purposes, and for copies of the published reports, please refer to www.oecd.org/tax/transparency and http://dx.doi.org/10.1787/2219469x.

Abbreviations and acronyms

2016 ToR	Terms of Reference related to EOIR, as approved by the Global Forum on 29-30 October 2015
AML	Anti-Money Laundering
AML Law	Law on Prevention of Laundering Proceeds of Crime
BRSA	Banking Regulation and Supervision Agency
CDD	Customer Due Diligence
CMB	Capital Markets Board
CML	Capital Markets Law
DERBIS	Associations Information System (*Dernekler Bilgi Sistemi*)
DTC	Double Taxation Convention
EOI	Exchange of Information
EOIR	Exchange of Information on Request
FATF	Financial Action Task Force
Global Forum	Global Forum on Transparency and Exchange of Information for Tax Purposes
HPKS	Bearer Shares Registration System *(Hamiline Pay Kayıt Sistemi*)
International Department	Department of European Union and International Affairs
KEYS	Electronic Document Management System for the Turkish Revenue Administration
MASAK	Financial Crimes Investigation Board (*Mali Suçlar Arastirma Kurulu)*
MER	Mutual Evaluation Report

MERNIS	Central Civil Registration System (*Merkezi Nüfus İdaresi Sistemi*)
MERSIS	Central Registry System (*Merkezi Sicil Kayıt Sistemi*)
MKK	Central Securities Depository (*Merkezi Kayıt Kuruluşu*)
Multilateral Convention	Convention on Mutual Administrative Assistance in Tax Matters, as amended in 2010
RoC	Regulation on the Programme of Compliance with Obligations of Anti-Money Laundering and Combating the Financing of Terrorism
RoM	Regulation On Measures Regarding Prevention of Laundering Proceeds of Crime and Financing of Terrorism
TAKPAS	Land Registry and Cadastre Sharing System (*Tapu ve Kadastro Paylasim Sistemi*)
TCC	Turkish Commercial Code
TIB	Tax Inspection Board
TIEA	Tax Information Exchange Agreement
TIN	Taxpayer Identification Number
TPL	Tax Procedure Law
TRA	Turkish Revenue Administration
TRY	Turkish Lira
VGM	Directorate General of Foundations (*Vakıflar Genel Müdürlüğü*)

Executive summary

1. This report analyses the implementation of the standard of transparency and exchange of information on request in Türkiye on the second round of reviews conducted by the Global Forum. It assesses both the legal and regulatory framework in force as on 6 September 2022 and the practical implementation of this framework against the 2016 Terms of Reference, including in respect of EOI requests received and sent during the review period from 1 July 2018 to 30 June 2021. This report concludes that Türkiye is rated overall **Largely Compliant** with the standard.

2. In 2013 the Global Forum evaluated Türkiye in a combined review against the 2010 Terms of Reference for both the legal implementation of the EOIR standard as well as its operation in practice. The report of that evaluation (the 2013 Report) concluded that Türkiye was rated Partially Compliant overall.

Comparison of ratings for First Round Report and Second Round Report

Element		First Round Report (2013)	Second Round Report (2022)
A.1	Availability of ownership and identity information	Non-Compliant	Largely Compliant
A.2	Availability of accounting information	Compliant	Compliant
A.3	Availability of banking information	Compliant	Largely Compliant
B.1	Access to information	Partially Compliant	Largely Compliant
B.2	Rights and Safeguards	Compliant	Compliant
C.1	EOIR Mechanisms	Largely Compliant	Compliant
C.2	Network of EOIR Mechanisms	Compliant	Compliant
C.3	Confidentiality	Compliant	Compliant
C.4	Rights and safeguards	Largely Compliant	Compliant
C.5	Quality and timeliness of responses	Partially Compliant	Partially Compliant
	OVERALL RATING	**PARTIALLY COMPLIANT**	**LARGELY COMPLIANT**

Note: the four-scale ratings are Compliant, Largely Compliant, Partially Compliant and Non-Compliant

Progress made since previous review

3. Since the 2013 Report Türkiye has made important progress on transparency and exchange of information and in addressing recommendations made in that Report. This has led to a better alignment with the standard as reflected in the general improvement of ratings.

4. In respect of joint-stock companies' ability to issue bearer shares, Türkiye has put in a place a mechanism to ensure that all bearer shares are registered with the Central Securities Depository and the identity of bearer share holders is always maintained. Non-registration would lead to penal consequences and inability of bearer shareholders to exercise shareholding rights.

5. In order to ensure the availability of beneficial ownership information in respect of all relevant legal entities and arrangements, Türkiye has established a beneficial ownership register under the direct supervision of the Turkish Revenue Administration (TRA) since August 2021. This register is in addition to the existing anti-money laundering (AML) obligations provided for under the AML legal framework.

6. Türkiye has amended its laws to clarify that the access powers of the tax authorities can be used to obtain information for exchange of information purposes and not limited to domestic tax investigations. Further, Türkiye has amended the relevant legal provisions in respect of attorney-client privilege to limit the scope of such privilege to bring it in line with the standard.

7. Through a co-ordinated strategy to improve timeliness of responding to requests, Türkiye has done significantly better in responding to requests for information compared to its performance at the time of the 2013 Report, although there remains room for further improvement especially in respect of communication with treaty partners and providing timely responses. While the rating is not changed for this part of the standard, improvements are acknowledged in this report.

Key recommendations

8. The definition of beneficial owner under the AML framework complemented by the legal framework for beneficial ownership register is in line with the standard and is supported by helpful guidance.

9. Since the beneficial ownership register has been operationalised recently and has come into effect after the review period and going forward will be the primary source of beneficial ownership information for the Turkish Competent Authority, Türkiye is recommended to effectively implement it,

put in place a suitable supervisory mechanism and enforce compliance by all relevant entities and arrangements in order to ensure the availability of beneficial ownership information in line with the standard.

10. Foundations and associations that are not covered by corporate tax law obligations are not required to submit beneficial ownership information to the central beneficial ownership register maintained by the TRA. Hence, for these entities the only source of beneficial ownership information would be the AML legal framework. The AML legal framework does not provide for a specified frequency for updating beneficial ownership information and hence, in some situations up-to-date information may not be available. In addition, further guidance is needed for identifying beneficial owners of foundations (including beneficiaries of a foundation). Hence, Türkiye has been recommended to solve these deficiencies.

11. In the context of availability of beneficial ownership information on bank accounts, the absence of a specified frequency for updating beneficial ownership information and customer due diligence could affect the availability of up-to-date beneficial ownership information on bank accounts held by any type of legal entity and arrangement and hence, recommendations have been made to ensure that up-to-date beneficial ownership information is available in all cases.

12. The legal amendments for ensuring the availability of identity information on the holders of bearer shares have also been introduced recently. The amendments are expected to ensure that identity of holders of all new issuances of bearer shares would be available. However, for already existing bearer shares there is no time limit before which holders must register and provide their identities. Although they would not be able to exercise shareholder rights and a penalty is applicable, there is a possibility that some such bearer share holders may not be identified for a long time in the future. Hence, Türkiye has been recommended to ensure the availability of identities of holders of already issued bearer shares.

13. Further, proactive implementation of the enforcement provisions of the new requirements in respect of bearer shares is needed. Hence, Türkiye has been recommended to ensure that the new measures for identifying the owners of bearer shares of unlisted joint-stock companies are effectively implemented and enforced so that accurate and up-to-date information on the holders of bearer shares is always available in line with the standard.

14. In respect of availability of accounting information of foreign trusts administered by Turkish residents, it is recommended that an obligation be established to maintain reliable accounting records, including underlying documentation in all circumstances.

15. The Turkish authorities have not always used their access powers proactively in situations where information was not directly available with the tax authorities. This has resulted in avoidable delays in obtaining and exchanging information. Accounting information and banking information have been impacted by this delay in some instances. Türkiye has been recommended to ensure timely use of the access powers and enforcement provisions of the tax authorities for ensuring that information can be gathered and exchanged effectively.

16. In the 2013 Report Türkiye had been recommended to take all necessary measures to bring its EOI mechanisms into force expeditiously. However, bringing signed EOI mechanisms into force has continued to take a long time. Since the 2013 Report, the Multilateral Convention has entered into force and the TIEAs that were signed in the past are also in force. Hence, the time taken to bring EOI mechanisms into force may not delay effective exchange with most member jurisdictions. Türkiye has nevertheless been recommended to monitor that it takes all necessary steps to bring signed EOI mechanisms into force expeditiously.

Exchange of information in practice

17. During the review period, Türkiye received 672 requests from its treaty partners and sent 94 requests. The volume of incoming requests during the current review period was higher than the volume at the time of the 2013 Report, when Türkiye had received 518 requests.[1] Requests received typically pertained to individuals and legal entities in Türkiye. Requests sought legal and beneficial ownership information, accounting information, banking information and other types of information like residency status and address of subjects of requests.

18. Despite making significant improvements in the functioning of the EOI unit and internal processes for responding to incoming requests which resulted in tangible improvement in the timeliness of responses compared to the situation in the 2013 Report, there is room for further improvement. Some peers reported delays in receiving the requested information and noted that in a few cases the received replies were only partial replies. While the pandemic posed important challenges to the smooth working of the EOI unit especially from the second year of the review period, resource

1. In the review period for the 2013 Report, requests were counted based on the number of persons that were the subject of requests. However, in the current review period requests have been counted based on letters each letter being a separate request (one letter could involve requests regarding more than one person). Hence, the workload during the current review period was significantly more than at the time of the 2013 Report.

constraints and lack of adherence to timelines in general have also been noted. Communication with treaty partners was not always prompt and efficient. Status updates were not provided in all cases where a full response could not be provided within 90 days and were often provided only while providing partial information (which could be later than 90 days) or when specifically requested by the treaty partner. Recommendations have been issued to Türkiye to streamline its internal procedures further, improve its communication with treaty partners, provide timely status updates on requests that have not been fully answered within 90 days and evaluate the resource needs of the Competent Authority office.

Overall rating

19. Türkiye is rated Compliant on Elements A.2, B.2, C.1, C.2, C.3 and C.4, Largely Compliant on Elements A.1, A.3 and B.1, and Partially Compliant on Element C.5. Overall, Türkiye is rated Largely Compliant with the standard.

20. This report was approved at the Peer Review Group of the Global Forum on 11 October 2022 and was adopted by the Global Forum on 7 November 2022. A follow up report on the steps undertaken by Türkiye to address the recommendations made in this report should be provided to the Peer Review Group no later than 30 June 2023 and thereafter in accordance with the procedure set out under the Methodology for Peer Reviews and Non-Member Reviews, as amended.

Summary of determinations, ratings and recommendations

Determinations and ratings	Factors underlying recommendations	Recommendations
Jurisdictions should ensure that ownership and identity information, including information on legal and beneficial owners, for all relevant entities and arrangements is available to their competent authorities *(ToR A.1)*		
The legal and regulatory framework is in place but needs improvement	Although the AML-legal framework complemented by the Tax Law Requirements provide for the definition of beneficial ownership in line with the standard, in the case of foundations the application of the definition is not sufficiently clear. In particular, identification of beneficiaries of a foundation is not explicitly mentioned.	Türkiye is recommended to provide further guidance on the definition of beneficial ownership to ensure that beneficial owners of foundations are always identified in line with the standard.
	In respect of foundations and associations that are not subject to corporate tax, the AML legal framework would be the only basis for the availability of up-to-date beneficial ownership information as these entities are not covered by Communiqué No. 529. There is no frequency specified in the Anti-Money Laundering legal and regulatory framework for carrying out customer due diligence to update beneficial ownership information.	Türkiye is recommended to ensure that adequate, accurate and up-to-date beneficial ownership information is available in line with the standard for foundations, and associations that are not subject to corporate tax.

Determinations and ratings	Factors underlying recommendations	Recommendations
	Holders of already issued bearer shares of non-public Joint Stock Companies need to register their shares with the Central Securities Depository to exercise shareholder rights after 31 December 2021. However, holders of bearer shares that have not registered by that date can claim their rights indefinitely after that date. Applicable sanctions for not registering before 31 December 2021 are low and may not be dissuasive. Although a number of bearer share holders have already registered their shares with the Central Securities Depository, identities of some bearer share holders may remain unavailable.	Türkiye is recommended to ensure that the identity of holders of already issued bearer shares is available in line with the standard.
EOIR Rating: Largely Compliant	Türkiye has introduced a beneficial ownership register under the supervision of the Turkish Revenue Administration. This will be the primary source of beneficial ownership information in respect of companies, partnerships, trusts, co-operatives, and in respect of foundations and associations when they carry out economic activities and are subject to corporate tax. Since this register has been put in place only from August 2021, its proper implementation is yet to be fully ensured. While some sanctions have been imposed for non-submission of beneficial ownership information, accuracy of the information provided is yet to be monitored.	Türkiye is recommended to effectively implement the new beneficial ownership register, put in place a suitable supervisory mechanism and enforce compliance by all relevant entities and arrangements in order to ensure the availability of beneficial ownership information in line with the standard.

Determinations and ratings	Factors underlying recommendations	Recommendations
	Türkiye has recently issued a Communiqué to require that where an unlisted joint-stock company issues bearer shares, the identity of their holders is recorded in the electronic database of the Central Securities Depository. Any subsequent transfers must also be recorded with the Central Securities Depository. Shareholder rights may be exercised only by holders registered in the database of the Central Securities Depository. In respect of already issued bearer shares, bearer share holders had time till 31 December 2021 to make a notification to the company, which was supposed to convey the identity of the holders of the bearer shares to the Central Securities Depository. Sanctions for non-compliance have been provided for in the law. While any bearer share holders can register their ownership even after 31 December 2021 to exercise their shareholder rights, they will be subject to penal sanctions. However, these provisions are very new and only one sanction has been applied so far.	Türkiye is recommended to ensure that the new measures for identifying the owners of bearer shares of unlisted joint-stock companies are effectively implemented and enforced so that accurate and up-to-date information on the holders of bearer shares is always available in line with the standard.
Jurisdictions should ensure that reliable accounting records are kept for all relevant entities and arrangements *(ToR A.2)*		
The legal and regulatory framework is in place	Turkish legislation does not ensure that reliable accounting records or underlying documentation are kept in all circumstances for foreign trusts with Turkish-resident administrators or trustees.	Türkiye is recommended to establish an obligation to maintain reliable accounting records, including underlying documentation, with a record retention period of at least five years for trusts with Turkish-resident administrators or trustees in all circumstances.
EOIR Rating: Compliant		

Determinations and ratings	Factors underlying recommendations	Recommendations
Banking information and beneficial ownership information should be available for all account-holders *(ToR A.3)*		
The legal and regulatory framework is in place but needs improvement	Although the AML-legal framework complemented by the Tax Law Requirements provide for the definition of beneficial ownership in line with the standard, in the case of foundations the application of the definition is not sufficiently clear. In particular, identification of beneficiaries of a foundation is not explicitly mentioned	Türkiye is recommended to provide further guidance on the definition of beneficial ownership in its AML legal framework in order to ensure that all beneficial owners of bank accounts held by foundations are always identified in line with the standard.
	There is no specified frequency for carrying out customer due diligence and hence, updating beneficial ownership information on bank accounts under Turkish anti-money laundering framework. This could lead to situations where beneficial ownership information on certain accounts may not have been updated for a long time. Although banks usually have internal policies for periodically updating customer due diligence on a risk basis, these vary across banks.	Türkiye is recommended to ensure that adequate, accurate and up to date beneficial ownership information on all bank accounts is available in line with the standard.
EOIR Rating: Largely Compliant		
Competent authorities should have the power to obtain and provide information that is the subject of a request under an exchange of information arrangement from any person within their territorial jurisdiction who is in possession or control of such information (irrespective of any legal obligation on such person to maintain the secrecy of the information) *(ToR B.1)*		
The legal and regulatory framework is in place		

Determinations and ratings	Factors underlying recommendations	Recommendations
EOIR Rating: Largely Compliant	Although Türkiye has made progress in putting in place a more effective strategy for gathering information for effective and timely exchange, there have still been significant delays in many cases, especially where accounting information or banking information was requested. In such instances, it was unclear how quickly the access powers were used by the relevant tax authorities to obtain the requested information. Further, the new strategy of obtaining banking information from the IT Department of the Turkish Revenue Administration continued to result in delays due to the heavy workload of the IT Department. However, other available access powers were not considered for use to obtain the requested information directly from banks to avoid delaying exchange of such information.	Türkiye is recommended to ensure timely and proactive use of access powers of the tax authorities for gathering and effectively exchanging information.
The rights and safeguards (e.g. notification, appeal rights) that apply to persons in the requested jurisdiction should be compatible with effective exchange of information *(ToR B.2)*		
The legal and regulatory framework is in place		
EOIR Rating: Compliant		
Exchange of information mechanisms should provide for effective exchange of information *(ToR C.1)*		
The legal and regulatory framework is in place	Türkiye has brought the Multilateral Convention into force and has a wide treaty network. However, the ratification and putting into force of EOI mechanisms continues to take more than two years on average.	Türkiye is recommended to monitor that it takes all internal steps to bring all its EOI mechanisms into force expeditiously.
EOIR Rating: Compliant		

Determinations and ratings	Factors underlying recommendations	Recommendations
The jurisdictions' network of information exchange mechanisms should cover all relevant partners *(ToR C.2)*		
The legal and regulatory framework is in place		
EOIR Rating: Compliant		
The jurisdictions' mechanisms for exchange of information should have adequate provisions to ensure the confidentiality of information received *(ToR C.3)*		
The legal and regulatory framework is in place		
EOIR Rating: Compliant		
The exchange of information mechanisms should respect the rights and safeguards of taxpayers and third parties *(ToR C.4)*		
The legal and regulatory framework is in place		
EOIR Rating: Compliant		
The jurisdiction should request and provide information under its network of agreements in an effective manner *(ToR C.5)*		
Legal and regulatory framework:	**This element involves issues of practice. Accordingly, no determination on the legal and regulatory framework has been made.**	

Determinations and ratings	Factors underlying recommendations	Recommendations
EOIR Rating: Partially Compliant	Türkiye primarily relied on the banking information available with the Implementation and Data Management Department (IT Department) of the Turkish Revenue Administration to obtain and provide banking information. However, there were significant delays in this process due to the heavy workload of the Department. The Competent Authority did not have direct access to the database managed by the IT Department and always had to formally write to the Department to obtain banking information. There were procedural delays as well as delays at the end of the IT Department to send the requested information to the Competent Authority.	Türkiye is recommended to ensure that suitable internal working arrangements are in place to enable the Competent Authority to obtain and exchange banking information in a timely manner.
	Türkiye did not provide status updates in all cases where it took more than 90 days to answer requests. Where status updates were provided, it was usually much later than 90 days and often when specifically requested by the requesting jurisdiction. Some peers faced significant difficulties in communicating with the Competent Authority as emails and letters remained unanswered. Where there was a difference in interpretation of the relevant provision of the EOI mechanism, Türkiye failed to provide a timely response to the peer explaining its position, leading to withdrawal of six requests by the treaty partner.	Türkiye is recommended to improve its communication with all treaty partners and to provide status updates to all treaty partners systematically where it is unable to provide a full response to a request within 90 days.
	Some key staff were engaged in the implementation of automatic exchange of information during the first part of the review period. Although Türkiye considers that its available staff strength is adequate for handling the workload of EOIR, during the review period there appear to have been resource constraints and significant workload for some staff.	Türkiye is recommended to evaluate the adequacy of available staff and resources to ensure that the exchange of information can be effective.

Overview of Türkiye

21. This overview provides some basic information about Türkiye that serves as context for understanding the analysis in the main body of the report.

22. The Republic of Türkiye (Türkiye) is a Eurasian country located in Western Asia and in East Thrace in South-eastern Europe. Türkiye's population is estimated to be around 84.7 million as of February 2022.[2] As of 2022, the total number of Turks living abroad is approximately 7 million. Around 6 million of this diaspora reside in Western European countries. The size of the Turkish diaspora in Germany (Türkiye's key partner for Exchange of Information on Request) is estimated to be about 3 million. Turkish is the official language of Türkiye. Ankara is the capital city and the seat of government. Türkiye's currency is the Turkish Lira (TRY).[3] The Turkish economy is dominated by the services sector which accounts for 59% of the economy, while industry, agriculture and construction make up 29%, 6.3% and 5.7% respectively. Türkiye's GDP for 2021 is estimated to be about EUR 686 billion, which translates into a per capita GDP of about EUR 8 108. At this level of per capita GDP, Türkiye is considered to be a middle-income country.

Legal system

23. Türkiye is a civil law country. The Turkish legal system is based on a single national law. The main principles of the Turkish legal system are laid out in the Constitution of Türkiye which is the supreme law of the land. Any law in conflict with the Constitution is void. The Constitution provides for the separation of powers between the legislative, executive and judicial organs.

24. From 1923 to 2018, Türkiye was a parliamentary representative democracy. Through a constitutional amendment approved by the April 2017 referendum, "Presidential Government System" (which bears the

2. Source: https://data.tuik.gov.tr/Bulten/Index?p=Adrese-Dayali-Nufus-Kayit-Sistemi-Sonuclari-2021-45500.
3. Exchange rate for 2022: EUR 1 = TRY 16.86 (Source: Central Bank of Türkiye).

characteristics of a presidential system), has been adopted. The Head of State of Türkiye is the President, who exercises the executive power and functions. The President is directly elected for a five-year term of office. The constitutional amendments approved in 2017 abolished the office of Prime Minister as well as that of the Council of Ministers. Instead, the ministers are now directly appointed by the President. The President also appoints the Vice-President and all senior public officials.

25. The Turkish Grand National Assembly comprising 600 elected members from all over Türkiye, is in charge of exercising the legislative powers and framing all domestic laws. Members of the National Assembly are elected for a period of five years.

26. The judicial power is exercised by independent courts. The independence of the courts and the security of tenure of judges and of the public prosecutors are guaranteed by the Constitution. Turkish judiciary is composed of three main units:

- Constitutional Judiciary: The Constitutional Court ensures that the laws are in line with the Constitution.
- The Judiciary (Courts of Justice): The Judiciary represented by Courts of Justice is in charge of hearing civil and criminal cases throughout the country. The Judiciary resolves legal disputes arising between natural and legal persons of private law and disputes and cases arising from the application of criminal law. At the lowest level, the Judiciary comprises Civil Courts of First Instance, Civil Courts of Peace, Commercial, Labour, Family, Enforcement, Consumer, and Cadastral courts. Appeals lie to the Regional Courts of Justice and then to the Court of Cassation, which is the highest judicial body of the Courts of Justice.
- Administrative Judiciary: This branch of judiciary resolves disputes arising from the proceedings and actions of the administration and the activities of public law. It consists of Administrative courts, Tax Courts of the first instance, Regional Administrative Courts as second degree courts and Council of State as the High Court for appeal. Council of State deals with administrative (including tax and other public law) cases.

27. Besides these three main branches, there is also a Court of Jurisdictional Disputes as another judicial branch. It comprises members from the Court of Cassation's General Assembly and the Council of State's General Assembly. It is empowered to deliver final verdicts in disputes between civil and administrative courts concerning their jurisdiction as well as their judgments and verdicts.

28. The hierarchy of laws in Türkiye accords the highest position to the Constitution. After the Constitution, the next in line are at the same level of hierarchy: the international treaties on human rights, other international agreements, laws and presidential decrees.[4] Presidential decrees (incorporated into Turkish Law by the constitutional amendment of 2017) are regulations that have the same effect and value as laws in terms of implementation. However, in the case of any conflict between provisions of the presidential decrees and the laws, the provisions of the laws prevail. A presidential decree becomes null and void if the Grand National Assembly of Türkiye enacts a law on the same matter (Article 104 of the Constitution). The last in the hierarchy are the regulations and anonymous regulatory acts like directives, communiqués, circulars and instructions.

Tax system

29. The Turkish Revenue Administration (TRA) (also referred to as Presidency of Revenue Administration) is the public authority tasked with the collection of taxes and various fees and fines imposed by the government. TRA is a semi-autonomous authority and is an affiliated institution of the Ministry of Treasury and Finance. The TRA has central and provincial departments for carrying out the revenue administration in Türkiye. Besides the TRA, the Tax Inspection Board (TIB) is an institution of the Ministry of Treasury and Finance and carries out the targeted function of in-depth tax audits and investigations. Taxation principles are laid out in the Tax Procedure Law (TPL). This law contains the procedural rules for taxation, and defines taxpayers, tax assessments, tax audits, payments, accounting, fines and tax crimes.

30. The Turkish tax regime can be classified under three main headings:

- taxes on income[5] (Income Tax, Corporate Tax)
- taxes on expenditure and transactions (Value Added Tax, Special Consumption Tax, Banking and Insurance Transaction Taxes, Stamp Duty, Special Communication Tax, Customs Duties, Digital Service Tax)
- taxes on wealth (Inheritance and Gift Taxes, Property Tax, Motor Vehicle Tax).

4. Türkiye has explained that in the case of a conflict between international agreements concerning fundamental rights and freedoms that have been duly put into effect, and the laws due to differences in provisions on the same matter, the provisions of international agreements prevail (Act on Constitutional Amendment of 7 May 2004). Since taxation directly impacts property rights, which is a fundamental right, international tax agreements prevail over a national law in case of a conflict.
5. This includes capital gains tax on disposal of assets within five years of acquisition.

31. The TPL and the Law related to Expanding the use of Tax ID Number require that all taxpayers (individuals as well as legal persons) have a taxpayer identification number (TIN). However, in respect of individuals, since 1 July 2006, local tax offices have relied mainly on the national identification number (Turkish Republic Identification Number) instead of TIN for identifying taxpayers. The two numbers are linked and either can be used for the identification of individual taxpayers.

32. Individuals are subject to the income tax on their income and earnings. The rules of taxation for individual income and earnings are provided in the Income Tax Law. Corporations are subject to corporate tax on their income and earnings and the rules concerning their taxation are contained in the Corporation Tax. While individuals and corporations are governed by separate legislations, many rules and provisions of the Income Tax Law also apply to corporations, especially in terms of income elements and determination of net income. In the application of income tax, ordinary partnerships and general partnerships (collective companies without share capital) are treated as "fiscally transparent" and the partners are taxed individually on their share of profit.

33. Resident taxpayers are taxed on their worldwide income, while non-resident taxpayers are taxed only on the income sourced from Türkiye. Individuals domiciled in Türkiye (having a place of residence or who stay in total for more than six months in a calendar year in Türkiye) are deemed to be residents for the purposes of income tax for that calendar year. Individual income is taxed at progressive rates. There is no minimum exemption limit, and every income earner is taxed at least at the rate of 15%, while the highest income earners earning more than TRY 650 000 (EUR 38 553) are taxed at the rate of 40%.

34. In respect of corporations, any corporation with its registered headquarters or place of effective management in Türkiye is treated as resident and its worldwide income is subject to taxation. Residents are said to have "full-liability" in respect of taxes as against foreigners who have "limited liability". Non-resident companies conducting business in Türkiye through a Permanent Establishment are subject to corporate tax only to the extent of the annual income sourced from Türkiye. Corporation tax is levied at the rate of 23% (for 2022).[6]

35. Türkiye has a wide network of EOI mechanisms covering all major economic partners and Türkiye is a party to the Multilateral Convention since 1 July 2018. Türkiye has 101 DTCs (of which, 89 are in force) and 5 TIEAs. The Competent Authorities for exchange of information are designated officials at the TRA.

6. During the review period, the Corporate Tax Rate was 22% from 2018 to 2020 and 25% in 2021.

Financial services sector

36. Türkiye has a bank-based financial system. As of March 2022, total assets of the financial sector were TRY 11.4 trillion (approximately EUR 676 billion being 132% of Turkish GDP). Türkiye is not an international financial centre, and its financial services sector is largely driven by the domestic banking sector. The banking sector has a share of 87.5% of the total assets of the financial sector. As of 3 August 2022, Türkiye reported 57 banks. Of these, 48 banks are private banks and 9 are state-owned banks. 32 banks are deposit banks, 16 are development and investment banks, 6 are participation banks[7] and 3 are savings deposit and insurance fund banks. Besides banks, there are 21 financial leasing companies, 52 factoring companies, 18 consumer financing companies, 6 saving financing companies, and 22 asset management companies in Türkiye.[8] Pursuant to the Banking Law, the Banking Regulation and Supervision Agency (BRSA) regulates, monitors and supervises the establishment and activities of banks, financial holding companies and financial leasing, factoring, consumer financing companies, savings finance companies and asset management companies. The Central Bank of the Republic of Türkiye is the licensing and supervisory authority for all types of payment services providers and supervises banks only to the extent of their payment services. Otherwise, BRSA is the primary supervisor for banks.

37. There are 63 insurance companies (21 life insurance companies, 39 non-life insurance companies and 3 composite insurance companies). About half of them are foreign controlled undertakings. The insurance sector accounts for about 4% of the financial sector assets. Insurance companies are regulated by the Insurance Law and the Insurance and Private Pension Regulation and Supervision Agency.

38. In respect of the capital markets, the Capital Markets Board (CMB) is the regulatory and supervisory authority in charge of implementing the Capital Markets Law (CML). Borsa Istanbul is the single securities exchange formed from the merger of three former exchanges namely Istanbul Stock Exchange, Istanbul Gold Exchange and Turkish Derivatives Exchange in April 2013. Turkish capital markets have 72 intermediary/brokerage firms, 564 publicly-held joint-stock companies including 414 companies whose shares are traded on the stock exchange, 55 portfolio management companies, 750 mutual funds, 399 private pension funds, 50 investment companies, 105 independent audit firms, 143 real estate valuation companies and 9 rating institutions.

7. Participation banks refer to Islamic banks in Türkiye.
8. Source of statistics in this paragraph: BRSA.

Anti-Money Laundering Framework

39. The Law on Prevention of Laundering Proceeds of Crime Law (AML Law) is the primary law that governs the AML framework in Türkiye and lays down the AML-obligations of obliged persons and the supervisory framework in this respect. As per Article 2 of the AML law, AML-obliged persons[9] mean those who operate in the field of banking, insurance, individual pension, capital markets, money lending and other financial services, and postal service and transportation, lotteries and bets; those who deal with exchange, real estate, precious stones and metals, jewellery, all kinds of transportation vehicles, construction machines, historical artifacts, art works, antiques or intermediaries in these operations; notaries; sports clubs. More recently, the definition has been expanded to include freelance lawyers when they conduct financial transactions related to purchasing and selling real estate, establishing and repealing limited property rights, establishing, merging, managing, transferring and liquidating a company, foundation and association; and to managing bank accounts, securities accounts and any kind of accounts and assets in such accounts.[10]

40. Articles 3 to 10 of the AML Law set obligations of reporting entities such as customer due diligence, suspicious transaction reporting, training, internal control, risk management systems, retaining of records and documents, and providing information. Articles 11, 12 and 13 are about supervision of obligations, administrative fines and judicial penalties, respectively.

41. The implementation of the AML law is supported by the Regulation on Measures Regarding Prevention of Laundering the Proceeds of Crime and Financing of Terrorism (RoM). RoM regulates the principles and procedures regarding obliged parties, obligations and supervision of compliance with obligations, and other measures for the purpose of preventing laundering proceeds of crime and financing of terrorism. The definition of AML-obliged persons in the AML Law establishes the general framework for the sectors in which such persons operate. The definitions in the RoM specify the obliged persons one by one. Article 4 of the RoM identifies all AML-obliged persons as mentioned in Article 2 of the AML law. Besides the AML-obliged persons identified under the AML law, it also includes certified general accountants, certified public accountants, sworn-in certified public

9. Turkish AML Law uses the term “obliged party” to refer to AML-obliged persons.
10. In respect of freelance lawyers, they are covered by AML-obligations in so far that they are not contrary to the provisions of other laws in terms of the right of defence, and excluding the information obtained through professional work performed under the scope of Article 35(1) of the Attorney’s Law and alternative dispute resolution and those operating in other fields determined by the President.

accounts[11] without being attached to an employer, and independent audit institutions authorised to conduct audit in financial markets. As of 2021, there were 2 869 accountants and certified public accountants in Türkiye. Further, there were 111 independent audit institutions as of 2021. Article 3 of the RoM provides the definition of beneficial owner, while Article 17/A of the RoM elaborates on how beneficial owners of legal persons and arrangements should be identified by obliged persons.

42. Further, the Regulation on the Programme of Compliance with Obligations of Anti-Money Laundering and Combating the Financing of Terrorism (RoC) sets principles and procedures regarding compliance programmes and compliance officers of obliged persons.

43. MASAK is the Financial Crimes Investigation Board and is the key agency in-charge of the implementation of the AML framework in Türkiye. AML-obligations are supervised by the designated supervisors for the relevant AML-obliged persons and violations are brought to the notice of MASAK. The designated supervisors are listed in Article 2 of AML Law: Tax Inspectors, Treasury and Finance Experts employed at MASAK, Customs and Trade Inspectors, Sworn-in Bank Auditors, Treasury Comptrollers, Insurance Supervisory Experts and Actuaries, Banking Regulation and Supervision Agency and Capital Markets Board Experts and Central Bank Auditors and Experts.

44. The FATF published the most recent Mutual Evaluation Report (MER) of Türkiye in 2019, followed by an enhanced follow-up report and technical compliance re-rating in 2021, and then another one in 2022.[12] The 2019 MER rated Recommendation 10 (Customer Due Diligence) as Largely Compliant, and Recommendations 24 (Transparency and Beneficial Ownership of Legal Persons) and 25 (Transparency and Beneficial Ownership of Legal Arrangements) as Partially Compliant while Immediate Outcome 3 (Supervisors appropriately supervise, monitor and regulate financial institutions and DNFBPs for compliance with AML/CFT requirements commensurate with their risks) and Immediate Outcome 5 (Legal persons and arrangements are prevented from misuse for money laundering or terrorist financing, and information on their beneficial ownership is

11. Sworn-in Certified Public Accountants certify the compliance of the financial statements and tax returns prepared by individuals and entities and the enterprises and establishments thereof, with the provisions specified in the legislations, accounting principles and the accounting standards, and further certify that the accounts have been inspected in accordance with the auditing standards. Sworn-in Certified Public Accountants cannot keep books related to accounting, cannot establish an accounting office and cannot become partners to the accounting offices already established.

12. Mutual-Evaluation-Report-Turkey-2019.pdf (fatf-gafi.org); *Follow Up Report Turkey 2021* (fatf-gafi.org); Follow-Up-Report-Turkey-2022.pdf (fatf-gafi.org).

available to competent authorities without impediments) were rated moderately effective. In the two follow-up reports, some of the earlier ratings have been upgraded to Largely Compliant, including those of Recommendations 24 and 25. This reflects the efforts made by Türkiye to put in place a register of beneficial owners for relevant entities and arrangements in 2021 and also a mechanism for identifying owners of bearer shares of joint-stock companies.

Recent developments

45. Since the 2013 Report, there has been an amendment in the Turkish Commercial Code (TCC) in respect of the approval of articles of association. Besides notaries, trade registries have also been authorised to approve the articles of association of joint-stock companies. For limited companies, instead of notaries, trade registries have been authorised for such approval of articles of association. Further, trade registries have also been authorised to certify legal books of companies at the time of establishment.[13] With these changes, the trade registries have become a one-stop-shop for the establishment of companies.

46. Since July 2021, the Tax law has become an important source of beneficial ownership information in Türkiye due to the issuance of the General Communiqué No. 529 of 13 July 2021 on Tax Procedure Law by the Ministry of Treasury and Finance. The Communiqué is based on the joint work carried out by MASAK and the TRA.

47. In July 2022, Law Numbered 31887 was published to increase certain special irregularity fines applicable under the Tax Procedure Law. In particular, the amendment raised the applicable fine amounts for failure to report or for fraudulent reporting of beneficial ownership information to the newly established Beneficial Ownership Register. The current level of fines is reflected in the discussion in the report.

48. Türkiye's Ministry of Treasury and Finance has issued a Circular No. TPL-145/2022-8 on 5 September 2022 to further clarify the definition of beneficial owner. This Circular has been analysed in this report.

13. For subsequent years, books need to be certified by notaries.

Part A: Availability of information

49. Sections A.1, A.2 and A.3 evaluate the availability of ownership and identity information for relevant entities and arrangements, the availability of accounting information and the availability of banking information.

A.1. Legal and beneficial ownership and identity information

> Jurisdictions should ensure that legal and beneficial ownership and identity information for all relevant entities and arrangements is available to their competent authorities.

50. The 2013 Report had noted that the legal and regulatory framework for the maintenance of legal ownership and identity information on all relevant legal entities and arrangements was not in place in Türkiye due to the fundamental deficiency that the joint-stock companies were permitted to issue bearer shares and identity of bearer share holders would not be available in all cases[14]. Türkiye was rated Non-Compliant on Element A.1.

51. In July 2021, Türkiye amended the Turkish Commercial Code and put in place a system requiring that bearer shares be registered with the Central Securities Depository (MKK) and the identity of the holders of bearer shares of joint-stock companies be always available at the MKK. Going forward, new bearer shares can be issued only after registering the ownership of the bearer share holders with the MKK. For already issued bearer shares, the owners were expected to have already registered their ownership with the MKK by 31 December 2021, failing which they are now subject to penalties. Further, only bearer share holders registered with the MKK can exercise shareholder rights. This system has been introduced very recently and Türkiye should monitor its implementation to ensure that the identity of the holders of bearer shares of joint-stock companies is always known.

14. Identity of bearer share holders of publicly-traded joint-stock companies was available with the Central Securities Depository under the obligations of Capital Markets Law.

52. The legal framework on the availability of legal ownership and identity information related to other types of shares and other legal entities and arrangements had been determined to be in place in the 2013 Report and this remains the case.

53. In respect of beneficial ownership, while the AML law has been the primary source of beneficial ownership information during the review period, more recently a beneficial ownership register in respect of all relevant entities and arrangements (except foundations and associations that are not subject to corporate tax law) has been put in place under the supervision of the Turkish Revenue Administration (TRA). Going forward, this register will be the primary source of beneficial ownership information for the TRA. The definition of beneficial ownership under the legal framework is in line with the standard except that further guidance is needed to ensure that beneficial owners of foundations are identified in line with the standard.

54. Since foundations and associations not covered by corporate tax law are not required to submit information to the beneficial ownership register, the availability of their beneficial ownership information is only through the AML law. There is no specified frequency for updating beneficial ownership information under the AML legal framework and hence, Türkiye is recommended to ensure that accurate and up-to-date beneficial ownership information is available on these entities.

55. All relevant entities and arrangements (except foundations and associations not covered by corporate tax law obligations) were required to submit the details of their beneficial owners to the TRA by 31 August 2021. Since these requirements have been introduced fairly recently, Türkiye should ensure their effective implementation and enforce compliance in practice.

56. During the review period, Türkiye received 100 requests for legal and beneficial ownership information and was able to provide this information in all cases.

57. The conclusions are as follows:

Legal and Regulatory Framework: In place, but certain aspects of the legal implementation of the element need improvement

Deficiencies identified/Underlying factor	Recommendations
Although the AML-legal framework complemented by the Tax Law Requirements provide for the definition of beneficial ownership in line with the standard, in the case of foundations the application of the definition is not sufficiently clear. In particular, identification of beneficiaries of a foundation is not explicitly mentioned.	Türkiye is recommended to provide further guidance on the definition of beneficial ownership to ensure that beneficial owners of foundations are always identified in line with the standard
In respect of foundations and associations that are not subject to corporate tax, the AML legal framework would be the only basis for the availability of up-to-date beneficial ownership information as these entities are not covered by the Communiqué No. 529. There is no frequency specified in the Anti-Money Laundering legal and regulatory framework for carrying out customer due diligence to update beneficial ownership information.	Türkiye is recommended to ensure that adequate, accurate and up-to-date beneficial ownership information is available in line with the standard for foundations and associations that are not subject to corporate tax.
Holders of already issued bearer shares of non-public Joint Stock Companies need to register their shares with the Central Securities Depository to exercise shareholder rights after 31 December 2021. However, holders of bearer shares that have not registered by that date can claim their rights indefinitely after that date. Applicable sanctions for not registering before 31 December 2021 are low and may not be dissuasive. Although a number of bearer share holders have already registered their shares with the Central Securities Depository, identities of some bearer share holders may remain unavailable.	Türkiye is recommended to ensure that the identity of holders of already issued bearer shares is available in line with the standard.

Practical Implementation of the Standard: Largely Compliant

Deficiencies identified/Underlying factor	Recommendations
Türkiye has introduced a beneficial ownership register under the supervision of the Turkish Revenue Administration. This will be the primary source of beneficial ownership information in respect of companies, partnerships, trusts, co-operatives, and in respect of foundations and associations when they carry out economic activities and are subject to corporate tax. Since this register has been put in place only from August 2021, its proper implementation is yet to be fully ensured. While some sanctions have been imposed for non-submission of beneficial ownership information, accuracy of the information provided is yet to be monitored.	Türkiye is recommended to effectively implement the new beneficial ownership register, put in place a suitable supervisory mechanism and enforce compliance by all relevant entities and arrangements in order to ensure the availability of beneficial ownership information in line with the standard.
Türkiye has recently amended issued a Communiqué to require that where an unlisted joint-stock company issues bearer shares, the identity of their holders is recorded in the electronic database of the Central Securities Depository. Any subsequent transfer must also be recorded with the Central Securities Depository. Shareholder rights may be exercised only by holders registered in the database of the Central Securities Depository. In respect of already issued bearer shares, holders had till 31 December 2021 to make a notification to the company, which was supposed to convey the identity of the holders of the bearer shares to the Central Securities Depository. Sanctions for non-compliance have been provided for in the law. While bearer share holders can register their ownership even after 31 December 2021 to exercise their shareholder rights, they will be subject to penal sanctions. However, these provisions are very new and only one sanction has been applied so far.	Türkiye is recommended to ensure that the new measures for identifying the owners of bearer shares of unlisted joint-stock companies are effectively implemented and enforced so that accurate and up-to-date information on the holders of bearer shares is always available in line with the standard.

A.1.1. Availability of legal and beneficial ownership information for companies

58. The primary deficiency in the legal and regulatory framework of Türkiye in respect of availability of legal ownership information was noted in respect of bearer shares of joint-stock companies in the 2013 Report (see section A.1.2). Except for this, legal ownership information on all types of companies was noted to be available. There have been some procedural changes in respect of availability of legal ownership information on companies and most of the observations from the 2013 Report continue to apply as such.

59. In relation to beneficial ownership information, Türkiye has introduced the requirement to submit beneficial ownership information to the TRA on all companies since July 2021. During the review period, the AML law was the sole basis for the availability of beneficial ownership information in Türkiye. However, with the introduction of a beneficial ownership register at the TRA, this would be the primary source of beneficial ownership information in the future.

Types of companies

60. The Turkish Commercial Code (TCC) is the primary commercial law of Türkiye.

61. Commercial companies may take five forms in Türkiye: joint-stock companies, limited companies, commandite companies (with and without share capital), collective companies (equivalent to general partnerships) and co-operative companies (Article 124 of TCC). These commercial companies may be divided into two categories:

- capital stock companies (joint-stock, limited and commandite companies with share capital)
- partnership companies (collective and commandite companies without share capital).

62. This distinction is based on the shareholders' responsibilities in the company. While the liability of partners of the partnership companies in respect of the debts of the company is unlimited, the shareholders of the capital stock companies are liable only to the extent of the capital shares they have subscribed. For the purposes of this report, capital companies are analysed under "Companies" (A.1.1) while partnership companies are analysed under "Partnerships" (A.1.3). Co-operative companies are discussed under "Co-operatives" (A.1.5).

63. The three forms of capital companies are:

- A joint-stock company (governed by Articles 329 to 562 of the TCC) is a company whose capital is certain and divided into shares and which is liable for its debts only to the extent of its assets. Liability of shareholders is only to the company and is limited to capital shares subscribed by them (Article 329 of TCC). A joint-stock company must have a minimum share capital of TRY 50 000 (EUR 2 775). A joint-stock company can issue registered as well as bearer shares (for bearer shares, see discussion at A.1.2). As of February 2022, there were 165 805 joint-stock companies[15] in Türkiye as per the data available from MERSIS (Central Registry System). Of these, Türkiye reported that 449 joint-stock companies were listed on the stock exchange. Another 115 joint-stock companies were not listed but were publicly held (having more than 500 members). Thus, a total of 564 joint-stock companies were publicly held and hence, under the supervision of the Capital Markets Board (CMB). Further, 72 joint-stock companies were brokerage firms and intermediary institutions authorised by the CMB, 50 were investment companies and 55 were portfolio management companies.
- A limited company (governed by Articles 573 to 644 of the TCC) is founded by one or more natural or legal persons under a trade name, with a definite capital stock which consists of the total of capital shares. Only nominal or registered shares that reflect the shareholders' participation in the capital stock can be issued by a limited company. Shareholders are only liable to pay for the stock capital they commit to and are not liable for the debts of the company (Article 573 of TCC). Shares of a limited company cannot be offered to the public. Such companies may have a maximum of 50 shareholders and be set up with at least TRY 10 000 (EUR 593) of capital stock. These are the most popular type of companies in Türkiye. As of February 2022, there were a total of 1 003 053 limited companies in Türkiye (MERSIS).
- A commandite company with share capital (governed by Articles 564 to 572 of TCC) is a limited partnership with share capital. It is a company whose capital is divided into shares and in which at least one of the partners has unlimited liability towards the claims of the creditors of the company and the other partners have liability similar to the shareholders of a joint-stock company i.e. the liabilities of the other partner or partners is limited to the extent of their capital

15. At the time of the 2013 Report, the number of joint-stock companies was 99 965 as of July 2012.

contribution. Partners with unlimited liability are responsible for the management and representation of the company and have the same duties as the board of directors in joint-stock companies. Only nominal or registered shares can be issued by such a company. Commandite companies with share capital are not very popular. Article 565(2) of the TCC states that the provisions related to joint-stock companies apply in all matters to commandite companies with capital unless the TCC provides any specific provisions applicable on certain matters for commandite companies. They are recorded together with commandite partnerships and together 1 914 are registered as of February 2022 (MERSIS).

64. The Ministry of Trade is the regulatory and supervisory authority for commercial companies. Article 210 of the TCC authorises the Ministry to issue binding communiqués for the implementation of the TCC provisions by commercial companies. The Ministry carries out necessary audits on commercial companies within the scope of the TCC.

Legal Ownership and Identity Information Requirements

65. The Turkish Commercial Code (TCC) contains the requirements in respect of legal ownership and identity information for companies. These requirements in the TCC are supplemented by the requirements under the Tax Procedure Law (TPL). The requirements under the AML law are not primary and could function as additional source of legal ownership information under some circumstances. The following table shows a summary of the legal requirements to maintain legal ownership information in respect of companies.

Companies covered by legislation regulating legal ownership information[16]

Type	Company Law	Tax Law	AML Law
Joint-stock companies	All	Some	Some
Limited Companies	All	All	Some
Commandite Companies with share capital	All	All	Some
Foreign companies (tax resident)	Some	All	Some

16. The table shows each type of entity and whether the various rules applicable require availability of information for "all" such entities, "some" or "none". "All" means that the legislation, whether or not it meets the standard, contains requirements on the availability of ownership information for every entity of this type. "Some" means that an entity will be covered by these requirements if certain conditions are met.

General company law requirements

66. Türkiye has a decentralised system for registration of companies (and more generally of all enterprises), operated through 238 Trade Registry offices under the overall supervision of the Ministry of Trade and all connected to a centralised database called MERSIS (Central Registry Recording System). Most registries are located in the local Chambers of Commerce and Industry.

67. Each trade registry is governed by a trade registry director (Registrar) supported by deputy directors who are appointed by the Ministry of Trade, upon the recommendation of the respective chamber of commerce. The Ministry of Trade has oversight over the trade registries and their management and can sanction them for failure to perform the duties assigned to them under the law.

68. Since the 2013 Report, there have been two sets of amendments in the TCC.[17] Most importantly, trade registries have also been authorised to approve the articles of association besides (joint-stock companies) or instead (limited companies) of notaries. For certain types of joint-stock companies engaged in specific activities like banking or insurance, the Ministry of Trade continues to directly approve the articles of association before allowing registration (Article 333 of TCC). Further, trade registries have also been authorised to certify legal books of companies at the time of establishment.[18] With these changes, the trade registries have become a one-stop-shop for the establishment of companies.

69. Any person who operates a commercial enterprise is considered a trader or merchant (Article 12 TCC), and this includes by definition each type of company. Every merchant must register his/her commercial undertaking and the trade name with the trade register within 15 days of opening the commercial undertaking (Article 40(1) TCC). Upon registration, all commercial companies acquire a legal personality independent of their founders and can make use of all rights and assume debts within the framework of Turkish Civil Law (Article 125 TCC). The trade registry is required to submit a copy of the application for registration from every corporate entity to the tax authorities (Article 27(2) of TCC). Thus, the TRA is made aware of every newly registered commercial company in Türkiye. The founding documents of incorporation include written articles of association containing the

17. These amendments have been introduced through Law No. 6728 on the Amendment of Certain Laws for the Improvement of the Investment Environment published in the Official Gazette dated 9 August 2016 and Law No. 7099 on the Amendment of Certain Laws for the Improvement of the Investment Environment published in the Official Gazette dated 10 March 2018.
18. For subsequent years, books need to be certified by notaries.

signatures of the founders, the founders' declaration,[19] valuation reports and any written contracts related to the founding made by the company with the founders or with any other people (like those concerning transfer of property or business). These documents are to be put in the registration file of the company and must be kept for five years by the company. The documents which are the basis of registrations must be kept indefinitely by trade registry office (Trade Registry Regulation Article 19). Companies may have corporate directors, but where corporate directors are appointed, a natural person authorised to act on behalf of such corporate director must also be notified to the trade registry.

Articles of association, incorporation, and registers held by companies

70. All **joint-stock companies** are required to have articles of association duly approved by the trade registry or notarised at the time of incorporation and provided to the trade registry by way of petition. Articles of association of a joint-stock company must contain the following information: trade name and address of the principal office of the company;[20] company capital and nominal value of each share, and method and conditions of their payment; types and amounts of capital shares subscribed by the shareholders; voting rights; whether the shares shall be registered or bearer, and any privileges accorded to certain shares, restrictions on transfer of shares; non-monetary rights and real items contributed as capital; interests of the founders, members of the board of directors and other persons in the company profits; term of the company if the term is limited; and accounting period of the company.

71. The articles of association must contain the names and addresses of all the founding members irrespective of whether they are registered shareholders or bearer shareholders. Hence, legal ownership information at the time of incorporation is provided to the trade registry.

72. The registration of the joint-stock company should be announced in the Turkish Trade Register Gazette within 30 days of being founded. Further, the details of auditors must be submitted to trade registry. Board of directors of the company are obliged to register this information in trade registry and announce in Turkish Trade Registry Gazette.

19. Article 349 of TCC mentions the declarations that founders must make in respect of value of non-cash capital contributions or property or business taken over.
20. Since a company must register with the local trade registry, the address must be located in the area for which the registry is responsible. The address must be in Türkiye.

73. All joint-stock companies are required to maintain a share book (Article 499 of the TCC). The share book must contain the names, trade names and addresses of the owners of uncertified (where a share certificate has not been issued) shares and registered shares and usufruct rights.

74. Subsequent transfer of shares in joint-stock companies are not required to be registered with the trade registry. For non-public joint-stock companies, the respective share registers must be kept up to date to reflect the ownership of all shares. For publicly traded joint-stock companies' shares are monitored through the oversight of the MKK and the operation of the Capital Markets Law. Publicly traded joint-stock companies shares are dematerialised and traded electronically only through AML-obliged intermediary institutions and banks. Shareholder rights can only be exercised by those whose names are reflected either in the share register (for uncertified and registered shares) or by those registered with the MKK.

75. **Limited Companies** are incorporated in the local trade registry by providing an application signed by all directors (Article 586 of the TCC). The application should be accompanied by a copy of the articles of association, and identity of persons authorised to represent the company and the company's auditor. Further, names, domiciles and citizenship details of all shareholders; capital stock share subscribed and paid by each shareholder; names or titles of directors (whether shareholders or not); and how the company will be represented must be submitted with the application for registration. Upon registration, the registration is announced in the Turkish Trade Register Gazette within 30 days.

76. In the past, the copy of articles of association was expected to be notarised. Article 575 of the TCC has been amended and since 2018, they must be approved by the authorised personnel of the trade registry office. The articles of association must include the trade name of the company and location of the principal office; business activity of the company; nominal amount of the capital stock, number of capital stock shares, nominal values, and any privileges associated with any class of shares; and names and nationalities of directors (Article 576 of TCC).

77. Further, Article 594 of the TCC requires a limited company to keep a share register which includes the capital stock shares. The share register must contain the names and addresses of the partners, number of capital stock shares held by each partner, nominal value, class and the usufruct and lien rights on the capital stock shares, and names and addresses of holders of such rights. The directors of the company have duty and powers in all matters that are not vested to the General Assembly as per the law or the Articles of Association (Article 625 TCC); therefore, they would have a duty to keep an updated share register.

78. For transfer of shares of a limited company, Article 595 provides that transfer of capital stock shares and transactions resulting in transfer obligation must be in writing and signatures should be notarised. Share transfers, unless otherwise provided in the articles of association, should be approved by the general assembly of partners. Further, Article 598 of the TCC requires that all share transfers be registered with the trade registry by the directors of the limited company.

79. **Commandite companies with share capital** have similar requirements for registration and inclusion of legal ownership information in the articles of association as for joint-stock companies. Accordingly, they must register with the local trade registry and submit similar documents. The articles of association must be prepared in writing and signed by the founders and active partners[21] and signatures must be attested by a notary public or by the authorised personnel at the trade registry. The number of shares and the corresponding capital amount owned by each founding limited partner/shareholder must be registered in the articles of association (Article 568 TCC).

80. The provisions concerning the maintenance of a share book by joint-stock companies also apply to commandite companies. Further, information on identity of all the shareholders of the company must be registered in the share-book (Articles 498 and 562 TCC). All share transfers subsequent to incorporation must be suitably reflected in the share-book but there is no requirement to register such transfers at the trade registry.

Foreign Companies

81. Trade Registries maintain legal ownership information on all foreign companies operating through branches in Türkiye to the extent the companies' articles of association drawn up in their respective countries of incorporation contain such information. Where the articles of association contain details of legal ownership, such legal ownership information may not, however, be up to date as ownership changes subsequent to that reflected in the original articles of incorporation are not required to be registered (however, please see paragraph 97). Branch offices of foreign commercial enterprises are required to register with the trade registry of the region where it is located in the same manner as domestic commercial enterprises. While registering with the trade registry, certified copies of all documents that are necessary to be registered in the country of origin and

21. All those who sign the articles of association and who contribute capital other than cash are considered founders. A minimum of five founders can form this type of company and at least one of the founders must be an active partner with unlimited liability while others may be limited partners with no role in the day-to-day affairs of the company.

the Articles of Association should be submitted to the Trade Registry Office. A fully authorised commercial representative[22] who resides in Türkiye must be appointed for these branch offices. The trade name of a Turkish branch of commercial undertaking with a head office abroad must indicate location of its head office and the fact that it is a branch (Article 48(3) TCC). Furthermore, the name, address, allocated capital of the branch, the names of the persons who are fully-entitled to represent the branch in the private and public institutions including courts, type of the head office, field of operation, the type and amount of the capital, registration number, the website of and governing law of the branch, the information whether the country of origin is a member of the European Union are declared to the relevant Trade Registry Office along with essential documents. The issues that are to be registered and detailed issues related with registration of the branch are included in the Trade Registry Regulation. As of 1 July 2021, there were 1 142 foreign company branches registered in the trade registry.

82. A foreign company that has been incorporated outside of Türkiye, but has its management located in Türkiye is considered resident for tax purposes (see paragraph 34). The registration provisions as discussed under the Tax law obligations would ensure the availability of legal ownership information for such companies.

Retention period and companies that cease to exist

83. Every company must keep commercial books for ten years (Article 82 TCC). The period of keeping starts from the end of the calendar year in which the last record was entered into the trade books. Article 64(4) provides that books such as the share register, documents of decisions and general assembly meeting which are not related with the undertaking's accounting are also commercial books.

84. Current share books must be kept indefinitely all through the existence of a company. Where a new share book is started, the old share book must be retained for ten years. This retention period applies to all types of companies and to companies that cease to exist.

85. Companies cease to exist in Türkiye through termination and liquidation. Chapter Ten of the TCC deals with "Termination and Liquidation" of joint-stock companies and the provisions apply *mutatis mutandis* to the other types of companies as well.

22. This commercial representative acts as the sole representative of branch. This person is liable for all matters arising from dealing with public authorities and fulfilling the obligations arising from relevant laws and regulations. Moreover, business relations with third parties are carried out under the signatures of representative. It is possible to appoint more than one representative to a branch.

86. A company may cease to exist or terminate mainly with the expiration of the term for which the company was set up, upon realisation of the business purpose or when it is impossible to realise it, upon occurrence of any termination cause specified in the articles of association, by a resolution of the company's general assembly, by a decision of bankruptcy, or any other cases specified by law[23] (Article 529 TCC).

87. Furthermore, if a company fails to ensure that legally required bodies (for instance, a functioning board of directors) are in place for a long time or the general assembly fails to convene, the commercial court can, upon the request of the shareholders, creditors of the company and the Ministry of Trade, terminate the company. In doing so, the commercial court first grants time for the company to resolve the issues. If no actions are taken by the company, the commercial court can proceed to terminate the company after hearing the board of directors.

88. The terminated company goes into liquidation. A company in liquidation preserves its legal personality, including its relations with the shareholders. It is required to use its trade name with a phrase "in liquidation" affixed until the end of liquidation. During liquidation, the powers of the bodies of the company are limited to the purpose of liquidation. The liquidators have to be registered in the trade register by the board of directors. Where the court has decided to terminate the company, the liquidator is appointed by the court. At least one of the liquidators is required to be a Turkish citizen, domiciled in Türkiye and authorised to represent the company.

89. The liquidators come in possession of the books, including the share book of the company, and are responsible for the availability of all ownership information contained in such book during the period of liquidation. Further, Article 544 of the TCC mandates that the books and documents, including those related to liquidation, must be kept at the end of the liquidation in line with Article 82. Article 82(8) further stipulates that where the legal personality of an entity comes to an end, the books and papers must be kept by the Court of Peace for ten years. In addition, all records submitted by companies to the trade registries continue to be maintained in the MERSIS database.

90. Article 636 of the TCC deals with the termination of limited companies and very similar provisions apply. Further the process of liquidation and the rules governing the retention of records are the same in this case as well.

23. For instance, in situations of merger, acquisition of the company by another company or loss of company's capital according to article 376 of TCC.

91. The Ministry of Trade identifies all companies that are "in liquidation". As of 1 July 2021, there were 65 585 companies of all types that were under liquidation as per MERSIS data. All legal ownership information on such companies would be available with the trade registry as well as with the liquidator while the companies are "in liquidation". Upon liquidation, such information would be available with the Court of Peace for ten years. Further, all information submitted to the trade registries shall continue to reflect in the MERSIS database.

Company law implementation in practice

92. As noted in paragraph 66, Türkiye has a decentralised system of company registration operated through 238 trade registries housed within the local Chambers of Commerce in Türkiye and linked to the centralised database called MERSIS.[24] All the information contained in the MERSIS database is electronically available to the authorities concerned, including TRA. A large amount of entity information is also publicly available free of charge.

93. A person incorporating a new company is required to prove his/her identity either to the Registrar or to a notary (Article 29 of TCC).

94. The registration of a new company is a largely (but not fully) automated process. Anyone who wishes to set-up any type of company in Türkiye, must do so at the website of the MERSIS. An online form is required to be completed. The online form requires the submission of details like the type of company that one wants to register, proposed name of the company (which is checked for availability in real-time), the activity code indicating the nature of business activities, the address of the company in Türkiye, the names of founders with their identification details (national identity number for Turkish citizens and Foreign Identification Number for foreigners resident in Türkiye) as well as contact details (address, phone, email address), names and contact details of the directors and details of authorised and paid-up capital. The MERSIS database is linked with the database from the Ministry of Interior (MERNIS) that has the details of all physical addresses in Türkiye as well as the ID details of all Turkish residents. All entered details are pre-validated automatically before being accepted by the MERSIS system. Based on the details, there is a possibility to auto-generate articles of association in a standard format. Alternatively, the articles of association can also be scanned and submitted. Once all details have been provided, the application for registration can be submitted online and the hardcopy of the application must be printed. Subsequently, all the founders of the company or their

24. Until 2010, trade registry records were kept manually and on paper by registry directors. By 2015 all manual records had been put on the centralised electronic database MERSIS. Since then all registry records are maintained electronically in a centralised manner on MERSIS.

representatives should physically present themselves at the Trade Registry for final verification of documents and for signing the articles of association in the presence of an official at the Registry. Within 30 days of registration, an inspector from the Trade Registry visits the declared address of the company for a physical verification.

Tax law requirements

95. Tax law requirements complement the provisions of the TCC in ensuring the availability of legal ownership information on companies in Türkiye.

96. Companies pay tax in accordance with the Corporation Tax Law (CTL). According to Article 14 of CTL, every company that is a taxpayer is required to submit a tax return for all of its income during the tax year. Corporate taxpayers must use a Corporation Tax Return (Form No 1010) and indicate their legal structure and must submit certain attachments as set forth by the Ministry of Treasury and Finance. All companies with share capital must thus file a declaration regarding the entity's partners and board of directors in a prescribed form. This form requires the submission of TINs of all Directors in the Board of Directors, General Directors or Managers of Limited Companies, legal representatives and at least five major shareholders/partners of the company (the form permits the submission of details of more than five shareholders). Further, information on any/all non-resident shareholders is also required to be submitted.

97. Foreign companies with a business head office in Türkiye are considered to be tax resident in Türkiye (Article 3 CTL) and are liable to be taxed on their worldwide earnings (full liability taxpayers). Foreign companies not having their registered or business head office in Türkiye but earning income from sources in Türkiye are liable to pay tax on income earned in Türkiye (limited liability taxpayers). A foreign company must file the same tax returns as filed by a resident company, and submit all of the same information, including information on all non-resident shareholders and at least five major shareholders with the tax return.

98. Under the TPL, the retention period of books and documents is five years, starting from the calendar year following the year they are concerned. The document retention period is not affected by possible subsequent events (e.g. liquidation of the company or termination of the business relationship). Further, all information submitted to the TRA is kept perpetually by the TRA in its tax database.

Tax law implementation in practice

99. Under the framework of integration between the Central Registry System (MERSIS) and the Revenue Administration's electronic system, a

provisional tax number is assigned to companies online through MERSIS while it is undergoing registration. Upon registration of the company, the tax number is confirmed and the trade registry electronically shares the records submitted to it with the TRA. As noted in paragraph 69, the trade registry sends a copy of the application together with the supporting documents as submitted by the new company to the TRA's electronic system.

100. Companies are required to notify the tax authorities about starting business (Article 153 and 168 TPL) within ten days of being incorporated. A representative from the local tax office visits the premises of the business within 15 days starting from registration of taxpayer to check and to control[25] the information given by the taxpayer.

101. Companies file their tax returns and additional documents electronically. All submissions made to the TRA are stored electronically in the secure IT systems of the TRA. Such records are not deleted and would always be available.

Legal ownership information – Enforcement measures and oversight

102. The TCC provides for sanctions for breaching the obligations of registration with public registries. Pursuant to Article 33(2), anyone not applying for registration and not giving the reasons of abstention within the time granted by the Director of the Registry is liable to an administrative fine of TRY 1 000 (EUR 59). Turkish authorities have informed that the penalty amount under Article 33(2) of the TCC is revised periodically and applicable penalty in 2021 was calculated as TRY 10 242 (EUR 607) and in 2022, the penalty amount has been revised upwards to TRY 13 949 (EUR 827). Making of false declarations for registration is punishable by an administrative fine of TRY 2 000 (EUR 119) (Article 38(1)). Similarly, non-compliance with the obligation to report the alteration or removal of a registration following the alteration, termination or ceasing to exist of a matter which was registered is liable to compensation for the damages incurred (Article 38(2)2). Violation of the provisions relating to registration of commercial undertakings and trade names is liable to an administrative fine of TRY 2 000 (EUR 119) (Article 51). The founders of a joint-stock company that make false declarations regarding the incorporation of a joint-stock company are subject to a judicial fine[26] of not less than 300 days (Article 562). The fine of an amount payable per day is determined by the court.

25. "Control" is the term used to indicate a legal verification exercise carried out by the tax administration.
26. According to Article 52 of the Turkish Criminal Code, a judicial fine is payment due by a violator to the State Treasury. The amount is calculated by multiplying the sum per day determined by the court by the number of days.

103. Those who fail to fulfil the obligations contained in Article 64 (obligation to keep books) are subject to an administrative fine of TRY 4 000 (EUR 237) (Article 562(1) of TCC). Further, in cases where commercial books do not exist or contain no records or are not preserved in accordance with the TCC, the responsible persons are sentenced to a judicial fine of not less than 300 days (Article 562(6)). The administrative fines are issued by the highest local administrative authority.

104. In respect of supervisory efforts by the Ministry of Trade, Turkish authorities have indicated that the Ministry conducts audits from time to time on commercial companies to examine their compliance with the TCC. Between 2018 and 2021, 974 companies were audited by the Guidance and Inspection Department of the Ministry of Trade. As a result of the audits conducted, total administrative fines of TRY 488 253 (EUR 28 959) in 2018, TRY 785 725 (EUR 46 603) in 2019, TRY 358 057 (EUR 21 237) in 2020 and TRY 1 330 869 (EUR 78 937) in 2022 were imposed on commercial companies for various violations in accordance with the TCC. It is not clear how many of these administrative fines were specifically in respect of violations pertaining to the availability of legal ownership information as the inspections have a larger scope.

105. The supervisory activities of the Ministry of Trade are supplemented by the supervisory actions by the tax authorities who during the course of audits do examine the availability of legal ownership information (see also discussion under element A.2 in paragraphs 284 to 292). The TRA also applies fines for non-reporting of commencement of business. Türkiye has provided the following information in respect of irregularity fines imposed under TPL on different types of companies during the review period for not reporting commencement of business to the Tax authorities.

Penalties imposed by the TRA on different types of companies for not notifying commencement of business in time[27] (2018 to 2021)

Taxpayer type	Number of taxpayers penalised	Penalty amount (TRY)	Penalty amount (EUR)
Joint Stock Companies	151	68 864	3 812
Limited Companies	593	145 091	8 033
Other Companies	397	35 564	1 968

Source: TRA.

27. Statistics on penalties for cessation or discontinuation of business are not available separately as invariably such fines have been imposed in conjunction with other violations.

106. According to TPL, upon cessation of a business, the company is required to intimate the TRA about the discontinuation of the business (Article 160 and 168). If taxpayers do not notify the tax authorities within the prescribed term of the start or discontinuance of a business, they are liable to an irregularity fine ranging from TRY 130 (EUR 8) to TRY 240 (EUR 14) in accordance with their tax liability (Ar. 352(I-7)). Türkiye has not provided statistics on fines imposed for non-reporting of ceasing of business as such statistics are not readily available. Such penalties have been imposed in conjunction with other violations.

Inactive Companies

107. The TRA has a programme of monitoring inactive companies as such companies may pose tax risks. Where, as a result of on-site inspection and research conducted at the known addresses (residential and business address) of taxpayers who fail to file tax returns for two consecutive periods, the tax authorities are unable to establish that the company is carrying out business, the registration of such taxpayers are struck-off by the Tax Administration as of the date of their last tax return. Such companies are identified as "inactive" in accordance with tax laws. This process of identifying companies as commercially inactive is based on Implementation Circular No. 2016/2 read with Article 160 of the TPL.[28]

108. Where an entity is under "struck-off" status, it cannot issue invoices. In order to ensure that commercially inactive companies do not issue invoices, local tax offices carry out checks for commercial activity. The tax authorities look out for any invoices issued by such entities to identify risks and potential investigation cases. Further, since 2011, the TRA has been overseeing a phased roll-out of an electronic invoice system. Companies that are registered for issuance of electronic invoices cannot do so if they are under "struck-off" status.

109. As per TRA's definition and database, since 1985 a total of 191 992 joint-stock companies, 998 316 limited companies and 2 515 commandite companies with share capital, are identified as having the status of "inactive/struck-off" companies. The significant number of "struck-off" companies under the tax database, however, does not mean that they all have a legal personality.

110. The number of inactive or struck-off entities in the tax database is a cumulative stock number that consolidates all struck-off companies from 1985 till date and includes companies that may have been terminated and liquidated long ago and are no longer reflected in the MERSIS database. It also

28. This programme applies in respect of all types of taxpayers, not only companies.

includes companies that are "in liquidation". The MERSIS database regularly updates companies that have been liquidated. Such companies would have lost their legal personality and availability of ownership information would be governed by the provisions for "companies that cease to exist". The registry records of such companies still remain available in the MERSIS database.

111. In terms of availability of legal ownership information on companies that are inactive, the information that was submitted to the trade registry at the time of incorporation would be available. Further, all information submitted to the TRA as part of the last submitted tax returns would also be available. In addition, Turkish authorities explain that every company has a legal representative that must comply with the requirements of maintaining such information for the prescribed retention period. In relation to such inactive companies, the legal representative will be approached to obtain legal ownership information.

112. Only companies that have a legal personality (continue to reflect in the MERSIS database) and are inactive, pose risks for availability of up-to-date legal ownership information. Such companies could potentially be carrying out activities completely outside of Türkiye. The exact number of such companies is not readily available (see also discussion under Element A.2 at paragraphs 293 to 296). To ascertain this, the MERSIS database and the tax database would need to be synchronised closely. While new company formation is automatically reflected in the MERSIS and tax databases, liquidations and closures are not. Although the TRA has a regular programme of monitoring inactive companies, such companies may continue to retain their legal personality till the trade registry removes them. Türkiye should take measures to ensure that legal ownership information on inactive companies is always available in practice in line with the standard (see Annex 1).

Availability of legal ownership information in EOIR practice

113. During the peer review period, Türkiye received requests for legal ownership information on companies in 56 cases. The Turkish authorities have indicated that they were able to provide the legal ownership information in all cases. While peer inputs suggest that there have been delays in answering requests, peers were generally satisfied with the information provided. The delay in obtaining and providing information is discussed under Elements B.1 and C.5.

Availability of beneficial ownership information

114. The standard was strengthened in 2016 to require that beneficial ownership information be available on companies. In Türkiye, this aspect of the standard is met through the AML legal framework and the Tax law

requirements. While the first have existed in the past, the latter have been introduced in July 2021 and are expected to be the primary source of beneficial ownership information going forward. The company law does not provide for any requirements in respect of beneficial ownership. Each of these legal regimes is analysed below.

Companies covered by legislation regulating beneficial ownership information

Type	Company Law	Tax Law	AML Law
Joint-stock companies	None	All	Some
Limited Companies	None	All	Some
Commandite Companies with share capital	None	All	Some
Foreign companies (tax resident)	None	All	Some

Definition of beneficial ownership in anti-money laundering law

115. The AML legal framework is an important basis for the availability of beneficial ownership information in Türkiye as it creates obligations on obliged persons to carry out customer due diligence.[29]

116. The definition of beneficial owner is provided under the Regulation on Measures Regarding Prevention of Laundering Proceeds of Crime and Financing of Terrorism (RoM). Beneficial owner as defined in Article 3(h) of RoM is as follows:

> Beneficial owner means natural person or persons who has ultimately control over or who has ultimate influence over natural persons, legal persons or unincorporated organisations on whose behalf a transaction is being conducted within an obliged party. (English translation provided by Türkiye)

117. Article 17/A of the RoM provides specific guidance on the cascading methodology for identification of beneficial owners of legal persons. Obliged parties have to take necessary measures to detect the beneficial owner of their customers when establishing permanent business relationship with legal persons registered in trade registries (i.e. incorporated legal entities). The following steps are to be taken to identify the beneficial owner:

> (2) When establishing permanent business relationship with legal persons registered to trade registry, obliged parties shall identify, in accordance with article 6, the natural person partners holding more than twenty-five percent of the legal person's shares as the beneficial owner.

29. For detailed CDD measures, please refer to the discussion under Element A.3.

> (3) In cases where there is a suspicion that the natural person partner holding more than twenty-five percent of the legal person's shares is not the beneficial owner or where there is no natural person holding a share at this rate, necessary measures shall be taken in order to detect the natural person(s) who is/are ultimately controlling the legal person. And natural person(s) detected shall be considered as beneficial owner.
>
> (4) In cases where the beneficial owner is not detected within the scope of paragraphs 2 and 3, the natural person(s) holding the position of senior managing official, whose authorisation to represent the legal person is/are registered to trade registry, shall be considered as beneficial owner.

118. In addition, the Financial Crimes Investigation Board (MASAK) published a detailed "Guidance on the Identification of Beneficial Owners" on its website in July 2020. The Guidance intends to explain and clarify the concept of beneficial ownership under the Turkish legislation and to provide steps that can be taken in Türkiye through comparison with practices in other countries. Turkish authorities have submitted that this guidance is for reference for all stakeholders, including public authorities and AML-obliged persons, and was issued pursuant to the FATF MER recommendation to provide further guidance to AML-obliged persons. This guidance notes the following definition of beneficial owner as provided in Article 3 of the RoM:

> natural person(s) who ultimately control(s) or has/have ultimate influence over the natural persons, legal persons or unincorporated organisations on whose behalf a transaction is being conducted

119. The Guidance refers to the FATF definition of beneficial owner and clarifies that under all circumstances the beneficial owner must always be a natural person.

120. The definition of beneficial owner in the RoM as per Article 3 read with Article 17/A is broadly in line with the standard. While the definition under Article 3 does not specifically mention "ultimately owns" and focuses on "control and influence", Article 17/A provides for looking at the ownership as well (i.e. ownership is one possible way of having control). However, Article 17/A does not specifically mention "indirect ownership" or "chain of ownership" and "the natural person partners holding more than 25% of the legal person's shares" can be interpreted as covering only "direct ownership" and allowing the AML-obliged person to go to the next step of the methodology without looking through corporate partners. Similarly, although the definition refers to "ultimately control" and "ultimate influence", "control through other means" as mentioned under the FATF's Guidance on

Recommendation 24[30] is not explained. Turkish authorities have indicated that in practice, AML-obliged persons must apply the definition of beneficial ownership to identify natural persons exercising ultimate effective control over their customers. This could be control arising from direct or indirect ownership or through other means. Turkish authorities have indicated that they have conducted several awareness raising workshops for AML-obliged persons to clarify all aspects of identification of beneficial ownership in line with the FATF Recommendation 24. While the interaction with representatives from the banking sector during the on-site visit did suggest that they were aware about these aspects for identifying beneficial owners, the level of awareness on these aspects could not be ascertained in respect of other AML-obliged persons.

121. Nevertheless, the aspects of the definition that would benefit from further clarification are addressed through the recent Tax Law requirements (Communiqué No. 529 setting up the Beneficial Ownership Register together with accompanying Beneficial Ownership Form and Circular dated 5 September 2022) (see discussion under "Beneficial Ownership Register maintained by the Tax Administration"). Since the Communiqué applies to all AML-obliged persons as well (as it requires them to report beneficial ownership information when requested by the TRA), the Tax Law requirements would ensure that beneficial owners are identified in line with the standard. However, since these clarifications are very recent, Türkiye should monitor that AML-obliged persons apply the definition of beneficial ownership correctly (see Annex 1).

Customer due diligence obligations

122. Legal entities and arrangements would be engaged with an AML-obliged person in a variety of situations and hence, AML obligations are an important source of beneficial ownership information. In the context of companies, the obligation to engage with a notary at the time of incorporation or for subsequent attestation of company's books would often lead to an on-going engagement with a notary. Further, although not legally required to do so, Turkish authorities indicate that almost all companies would have a bank account to operate in Türkiye.

30. "Control through other means" would include control exercised through personal connections with persons in senior positions in the legal entity or those that possess ownership. It also includes situations where control is exercised without ownership by participating in the financing of the enterprise, or because of close and intimate family relationships, historical or contractual associations, or if a company defaults on certain payments. Furthermore, control may be presumed even if control is never actually exercised, such as using, enjoying or benefiting from the assets owned by the legal person.

123. In accordance with Article 5 of the RoM all AML-obliged persons must carry out customer due diligence (CDD) by identifying their customers or those who act on behalf or for the benefit of their customers by seeking their identification information and verifying it. Article 17/A of the RoM requires the identification of beneficial owner of a legal person or arrangement as part of CDD.

124. CDD is mandatorily required when establishing a permanent customer relationship and before carrying out a transaction above a certain threshold.[31] CDD must be completed before a customer relationship is established or the transaction undertaken. In a limited set of situations, where there are no risks of money laundering, simplified CDD is permitted (see paragraph 324 under section A.3). Where an obliged party is unable to complete the CDD satisfactorily, the customer relationship must not be established.

125. The RoM prescribes the requirements for customer identification for different types of legal persons and arrangements and in situations where a person is acting on behalf of or for the benefit of another person through Articles 7 to 14. The requirements for identifying and verifying the identity of a natural person are provided in Article 6 of the RoM and the same must be followed while identifying the beneficial owner under Article 17/A. AML-obliged persons must identify natural persons by recording their full names, place and date of birth, nationality, type and number of identity card, address, sample signature, contact details and occupational details. For Turkish citizens, names of parents and their Turkish identity numbers are also required. For verification, obliged persons must rely on Turkish identity card, Turkish driving licence of passport for Turkish citizens. For foreigners, passport, certificate of residence or any type of identity card considered proper by the Ministry for non-Turkish citizens may be relied upon.

126. CDD must be carried out whenever there are doubts about the adequacy and accuracy of previously acquired identification information. AML-obliged persons are also required to keep the CDD information up to date.[32] The AML legal framework adopts a risk-based approach for carrying out CDD on an ongoing basis. However, there is no frequency specified under the AML legal and regulatory framework for carrying out CDD to update beneficial ownership information in case none of the circumstances that require carrying out CDD materialise. In such cases, there could be

31. CDD must also be carried out when a single transaction or a total of multiple linked transactions in respect of the customer is equal to or more than TRY 85 000 (EUR 5 041). In respect of wire transfer, CDD must be conducted when the amount involved is TRY 7 500 (EUR 445). CDD is required to be carried out in cases requiring suspicious transaction reports.

32. Articles 19 and 26/A of the RoM as well as Articles 12, 13 and 15 of the RoC.

situations that beneficial ownership information on legal entities available with AML-obliged persons may not be up-to-date and accurate. However, this issue is now mitigated in the context of Element A.1 for companies by the requirement for annual submission of beneficial ownership information by all companies to the TRA (see paragraph 141).

127. The Regulation on the Programme of Compliance with Obligations of Anti-Money Laundering and Combating the Financing of Terrorism (RoC) requires identified (mainly financial) AML-obliged persons[33] to establish risk-compliance programmes. The RoC provides guidance to these AML-obliged persons on how the Compliance Programme should be structured to ensure compliance with AML-obligations.

128. According to Article 8 of AML law, the AML-obliged persons must retain the documents, books and records, identification documents kept in all forms regarding their transactions and obligations established in this Law for eight years starting from the drawn-up date, the last record date, and the last transaction date respectively and submit them when requested. Thus, beneficial ownership information would be required to be maintained for at least eight years after the termination of business relationship with a customer.

129. Obliged parties who fail to comply with CDD requirements are subject to TRY 30 000 (EUR 1 779) (TRY 60 000 (EUR 3 559) for financial institutions) administrative fine (Article 13 of AML Law). Those who fail to comply with retaining and submitting obligation are subject to a judicial fine of up to 5 000 days[34] and imprisonment between 1 to 3 years (Articles 8 and 14 of AML Law).

Beneficial ownership register maintained by the tax administration

130. Since July 2021, the Tax law has become an important source of beneficial ownership information in Türkiye due to the issuance of the General Communiqué No. 529 on Tax Procedure Law (Annex 2) of 13 July 2021 by

33. Article 4 of the RoC identifies banks, capital markets brokerage houses, insurance and pension companies, postal and telegraph corporation (pertaining only to banking activities), Group A authorised exchange offices of foreign exchange legislation, financing, factoring and financial leasing companies, portfolio management companies, precious metals brokerage houses, electronic money institutions, and Payment institutions (excluding those providing exclusively brokering services for payment of bills, those providing exclusively payment order starting services, and those providing exclusively services of presenting information of payment account). Other AML-obliged persons like lawyers and notaries are not covered by the RoC and are not required to establish risk-compliance programmes.
34. A day fine involves sanctions based on daily income of the person punished.

the Ministry of Treasury and Finance. With this Communiqué a new beneficial ownership registry has been established at the TRA under its direct supervision.

131. All legal entities and arrangements to which the Communiqué applies were required to submit beneficial ownership information to the TRA by 31 August 2021. The Communiqué applies to corporate taxpayers, including all companies and foreign companies that are tax resident in Türkiye.[35]

132. Furthermore, the Communiqué also empowers the TRA to call for beneficial ownership information on their customers from financial institutions (such as banks, financing and factoring companies, insurance companies, brokers, portfolio/asset management companies) and other AML-obliged persons.

133. For the purposes of the registry, beneficial owner is defined in Article 2 of the Communiqué as follows:

> Any natural person or persons, who ultimately control or have influence over the legal entity or entity without legal personality. (English translation)

134. Further Article 5 of the Communiqué elaborates this definition in the context of companies as follows:

> In the case of legal entities
>
> (a) Any shareholders that are natural persons who own more than 25% of the shares of the legal entity;
>
> (b) If there are suspicions that the natural person shareholder who owns more than 25% of the shares of the legal entity is not the beneficial owner or there is not any shareholder owning that portion of shares, then any natural person who ultimately controls the legal entity;
>
> (c) If the beneficial owner cannot be determined under subparagraphs (a) and (b), then any natural person who has the ultimate executive authority shall be considered *beneficial owner and be reported*.

135. In addition to the above, the Ministry of Treasury and Finance has issued a Circular to the Communiqué dated 5 September 2022 to further clarify this definition of beneficial owner. The Circular emphasises that all natural persons who directly or indirectly control the entity should be

35. This captures also all partnerships, trusts and co-operatives, as well as foundations and associations when they carry out economic activities and are subject to corporate tax.

identified as beneficial owners. This is clarified by way of an example of indirect ownership where a natural person owning shares in a company which further owns shares in another company is to be identified as the beneficial owner of the latter company if the indirect ownership exceeds 25%.

136. Further, the Circular clarifies the aspects of control by other means by including the following:

> … individuals who have significant influence by different means such as appointing the majority of the members of the Executive or Supervisory Boards, dismissing such members and in decisions made on behalf of the company through Contracts or family ties are considered to have ultimate control on the entity with or without legal personality.

137. Lastly, the term ultimate executive authority is clarified by adding the following explanation:

> "Natural persons with ultimate executive authority" means any natural person who has the authority to make strategic decisions that have direct impact on the entity's business activities or who possess executive power through a high executive position such as CEO, Director General or Finance Director on the daily or ordinary business of the entity.

138. Thus, the definition of beneficial owner as it applies in the case of legal persons such as companies is in line with the standard.

139. The submission of beneficial ownership information to the TRA is done through a dedicated form. This prescribed form comprises four sections. The first section is about the information on legal person or legal arrangement for which the form is submitted. The second section provides information on who is to be reported as a beneficial owner. The third section is about detailed information on the beneficial owners: basis for identifying a natural person as beneficial owner (having more than 25% share, having control of legal person, senior executive authority; trustee, settlor, beneficiary, protector), name/address/date of birth/nationality (second nationality)/job title/percentage of the shares held/ID type/ID number or passport number. The fourth section is about information on the person (authorised to represent the company) filing the beneficial ownership information form: name and title, address, contact information and signature. The form is detailed and requires justification for identifying a natural person as a beneficial owner. The form also provides some helpful guidance on completing the form by providing an example on how to calculate the ownership threshold in terms of shareholding (including situations where there is indirect ownership through another entity) and the types of explanations that should be given while identifying an individual as a beneficial owner.

In addition, the Turkish authorities have indicated that they are responsive to the clarifications being sought by taxpayers and understand the need to provide adequate guidance to them. The authorities have informed that they have issued tax rulings in response to queries from taxpayers on identification of beneficial owners in their specific situations and these rulings are publicly available on the TRA's website for the reference of other taxpayers.

140. Thus, the definition of beneficial ownership under Communiqué No. 529 together with the dedicated Beneficial Ownership Form and the recent Circular provide for identification of beneficial ownership in line with the standard.

141. Türkiye has introduced important requirements for ensuring that the information on beneficial ownership submitted to the TRA is up to date. According to the Communiqué, corporate taxpayers are required to file up-to-date beneficial ownership information with their temporary (quarterly) tax returns and annual corporate tax returns. In addition, if there are changes in the beneficial ownership information, they must be reported within one month of the change. Thus, corporate taxpayers are expected to regularly check their beneficial ownership information. However, there is no specific guidance on what should corporates do in situations where the beneficial owner refuses to co-operate with the entity in ensuring that the beneficial ownership information is up to date and accurate.

142. The reported beneficial ownership information together with documentation supporting this information should be maintained by taxpayers for five years from the beginning of the calendar year following its submission (Article 8 of Communiqué No. 529). This is in line with the standard.

143. Turkish authorities have indicated that since the publication of the Communiqué in July 2021, over a million taxpayers have complied and filed their beneficial ownership information with the TRA, including 154 558 (96%) joint-stock companies and 821 376(approximately 82%) limited companies as of August 2022. Across all types of taxpayers, about 94% of all obliged taxpayers have submitted beneficial ownership information.

144. There are also mechanisms (information obtained from obliged parties, analyses, inspections, information exchange) for cross checking and correcting the beneficial information submitted to the TRA. Article 8(3) of the Communiqué notes that where as a result of examinations and investigations conducted by the MASAK and by authorities who conduct examinations and investigations in the international exchange of information process it is established that there are false records in beneficial ownership information reported by taxpayers and other persons specified in Article 4, this should be reported to the TRA so that necessary penal sanctions may be imposed and required changes made in the beneficial ownership register.

Nominees

145. Turkish laws do not provide for the holding of shares by nominees. Courts do not recognise ownership by nominees and the shareholder rights and obligations are only available to the persons mentioned in the share register.

146. Further, the provisions of the AML Law and Regulations require obliged parties to undertake CDD including also in cases where customers act on behalf of others (Article 14 AML Regulations), and this includes the situation where a person might hold shares on behalf of a third party (which would capture cases where for instance there is interposition of a strawman or in relation to a foreign entity incorporated in a country that recognises nominee shareholder). Article 17 of the AML Regulations requires obliged parties to identify the beneficial owner of the transaction, when a transaction is being carried out for the benefit of another person. Therefore, when the legal owner of shares acts on behalf of any other person (nominee) or under a similar arrangement, then the person on behalf of whom shares are legally owned would require to be identified. Turkish authorities have further indicated that acting as a nominee is not a recognised professional activity for lawyers, accountants and other similar professionals and would not be common in Türkiye’s context.

Beneficial ownership information – Enforcement measures and oversight

147. In respect of the Tax Law obligations to submit beneficial ownership information, Article 8(2) of Communiqué No. 529 stipulates that those who fail to report the beneficial information, or who provide incomplete or fraudulent information, shall be subjected to penal sanctions under the Tax Procedure Law. These penal sanctions are by way of special irregularity fines provided for under Repeated Article 355.[36] This special irregularity fine was TRY 2 500 (EUR 148) in 2021. From 2022, the fine has been raised to TRY 3 400 (EUR 202) due to inflation adjustment. Through a recent legislative amendment published in the Official Gazette on 5 July 2022, the Ministry of Treasury and Finance has been authorised to apply as much as three times the special irregularity fines, i.e. TRY 10 200 (EUR 605).

148. Since 31 August 2021 (the due date for submitting beneficial ownership information to the TRA), TRA has applied about 43 000 special irregularity fines for noncompliance with registration of beneficial ownership. Turkish authorities have informed that the fine is repeatedly imposed on the taxpayer until compliance is achieved.

36. Repeated Article 355 is placed after Article 355.

149. The beneficial ownership register established within the TRA is quite recent. It has been established after the review period and enforcement efforts have also been taken subsequently. The initial efforts made by the TRA to ensure that it is suitably populated are welcome but enforcement and supervisory efforts would be required to ensure that information submitted to the TRA's register is complete, accurate and up to date.

150. Turkish authorities have stated that the programme for implementing the beneficial ownership register is being monitored through the co-ordinated efforts of the TRA, MASAK and TIB. The protocol between MASAK and TIB has provisions regarding information exchange between signatories, international information exchange, training, co-operation and co-ordination. Supervisory programmes are being developed in collaboration and co-ordination to ensure that requirements in respect of beneficial ownership are adequately monitored during tax inspections. There are plans to have joint strategy meetings among these authorities for detecting violations in respect of accurate and up-to-date beneficial ownership information. In this context, Türkiye should also suitably assist legal entities and arrangements that are obliged to provide beneficial ownership information to the beneficial ownership register to ensure that they are able to accurately and consistently identify their beneficial owners and are able to take necessary actions in situations where the beneficial owner might not co-operate with the entity to update beneficial ownership information (see Annex 1).

151. Further, given the recent introduction of the beneficial ownership register, **Türkiye is recommended to effectively implement the new beneficial ownership register, put in place a suitable supervisory mechanism and enforce compliance by all relevant entities and arrangements in order to ensure the availability of beneficial ownership information in line with the standard**.

152. In respect of the AML obligations, Article 11 of the AML Law and Article 35 of the RoM regulate supervision of obligations. MASAK has the authority to determine the scope and period of the supervision programme. However, supervision is a collective and shared responsibility across supervisory authorities. AML-obliged persons that are regulated by identified supervisors are supervised in respect of their AML-obligations by the respective supervisors. For instance, banks are supervised by the Banking Regulation and Supervision Agency (BRSA), payment institutions by the Central Bank, insurance companies by the Insurance Supervisory Board. Where no specific supervisory authority exists, the supervision lies with MASAK. MASAK currently has a staff of about 300 employees of which about 165 have supervisory responsibilities. MASAK has signed co-operation and co-ordination protocols with various supervisory bodies in 2021 for effective inter-agency co-ordination. Further, seven risk-analysis working groups with experts from different sectors have been established

to ensure inter-agency co-ordination. This has been done as part of the Action Plan to exit the FATF's grey list. In the past, there have been issues in respect of co-operative and co-ordinated supervisory efforts across agencies. Although there were supervisory efforts, there were variations across their implementation by different supervisors. The new set-up is expected to harmonise AML supervision in Türkiye under MASAK's overall oversight.

153. The supervision of compliance with AML obligations is conducted using a risk-based approach. On-site and off-site methods can be used in supervisions. Supervisions can be carried out within the scope of a supervision programme or may be case-based.

154. Turkish authorities have reported the following information on supervisory actions in respect of AML obligations by different supervisory authorities as compiled by MASAK:

AML supervisory actions

	Number of supervised obliged parties (Supervision of compliance [a])	Number of supervised obliged parties (Examination of regulatory violations [b])	Total
2018	124	8	132
2019	151	8	159
2020	130	28	158
2021	243	4	247
2022	388	-	388
TOTAL	912	40	952

Notes: a. Supervision of compliance with obligations is conducted for the purpose of detecting the obliged parties' compliance with the obligations. Supervision is conducted on the basis of a supervisory programme or may be specific to an obliged person. Supervising a bank or a branch of a bank with respect to an obligation or all obligations is an example of a case-based supervision.

b. Examination of regulatory violations is carried out for the purpose of detecting obligation violations. The examination is carried out in relation to one or more violations that are reported to MASAK or determined by MASAK or based on a concrete case determined during the supervision of compliance.

Source: MASAK, Türkiye.

155. Further, Türkiye has reported the following results of the supervisory actions:

Results of AML supervisory actions

	2018	2019	2020	2021
Total amount of administrative fines for CDD violations (TRY)	12 328 595	19 443 322	33 354 054	63 861 491
Total number of obliged parties sanctioned in the scope of CDD violations	22	36	62	118
Failures noted for retaining CDD documentation (Article 8 of AML Law)	0	7	3	-
Failures in providing documents when asked by supervisor (Article 7 of AML Law)	2	2	3	-

Source: MASAK, Türkiye.

156. As a follow-up to identification of violations in respect of CDD, the AML-obliged persons are expected to take corrective actions and report on the progress in addressing the issues identified. In general, AML supervision in Türkiye has been strengthened in the recent past. Not all AML-obliged persons are equally monitored. For lawyers and public accountants, the AML obligations are fairly recent and MASAK has generally been more engaged in creating awareness about AML obligations among these professionals. A co-ordinated and co-operative framework for inter-agency supervision is also relatively recent. Some supervisors have done more than others. For instance, BRSA and Central Bank have taken more supervisory actions than other supervisors. The level of awareness and capacity in respect of CDD obligations and identification of beneficial owners is also more among some supervisors. Türkiye should continue to strengthen the inter-agency supervisory framework for AML supervision to ensure a common understanding of AML obligations and beneficial ownership requirements among all stakeholders (see Annex 1).

Availability of beneficial ownership information in EOIR practice

157. During the peer review period, Türkiye was asked for beneficial ownership information in 44 cases. Out of these, Türkiye was able to provide responses in all cases. Peers have not raised concerns about the availability of beneficial ownership information, although some peers reported dissatisfaction with the timeliness of receiving the responses.

A.1.2. Bearer shares

158. Joint-stock companies are permitted to issue bearer shares. In respect of publicly held joint-stock companies (those with more than 500 shareholders), the requirements of the Capital Markets Law (CML) are applicable.

Listed companies

159. Publicly held joint-stock companies that have their shares listed on the stock exchange must issue all shares in dematerialised form. Article 13 of the CML requires that records on capital market instruments and rights related to them are kept and monitored by the Central Securities Depository (MKK). Dematerialised shares/instruments must be kept in accounts created according to the name of the owner, whether they are registered or bearer share holders.

160. Article 16 of the CML provides that joint-stock companies of which shares are not traded on the stock exchange are obliged to apply to the stock exchange within two years after gaining the status of the publicly-held corporation for having their shares traded on the stock exchange. This provision would ensure availability of information on all shareholders, including those holding bearer shares of publicly held companies with the MKK. The failure to apply to the stock exchange results in the company losing the status of a publicly-held company and ceasing to be subject to the Capital Markets Law, and these companies are then subject to the provision of the TCC like other non-public companies. Thus, the Central Securities Depository would have the identity information on the owners of bearer shares of listed companies. Turkish authorities have indicated that 376 public listed companies have issued bearer shares.

Non-listed joint-stock companies

161. In respect of the non-listed joint-stock companies, identity information on owners of bearer shares was considered to be not always available despite the application of AML requirements involving CDD. Thus, in the 2013 Report, Türkiye was recommended to take necessary measures to ensure that appropriate mechanisms are in place to identify owners of bearer shares in all instances.

162. In order to address this recommendation, the Ministry of Trade issued a Communiqué dated 6 April 2021 on Notification and Registration of Bearer Share Certificates to the Central Securities Depository (MKK) (issued pursuant to Law No. 7262 on the Prevention of Financing the Proliferation of Weapons of Mass Destruction dated 31 December 2020). This Communiqué has amended articles 486 and 489 of the TCC that deal with issuance and transfer of bearer shares.

163. A "Bearer Shares Registration System" (HPKS) has been established by MKK to cover joint-stock companies whose shares are not dematerialised at MKK (i.e. those joint-stock companies other than publicly-held joint-stock companies listed on the stock exchange).

Registration of the identity of the holders of new bearer shares

164. The amendments introduced into the TCC do not prohibit the issuance of bearer shares in future. This means that newly incorporated companies, if they so choose under their articles of association, can retain the right to issue bearer shares and can issue them. Similarly, existing companies that can issue bearer shares as per their articles of association, can continue to issue bearer shares. The new requirements do not immobilise existing bearer shares, dematerialise them or require new issuances to be immobilised.

165. The key change is that since the amendments, before issuing bearer shares, the company is required to identify the persons to which the bearer shares are to be issued. Prior to issuing bearer shares, corresponding share capital must be paid up in full by the prospective shareholders. An executive board decision of the joint-stock company in respect of issuance of bearer shares must be prepared and submitted to the HPKS. Once submitted, the company must print the bearer share certificates and issue them to the shareholders within three months. The company must submit the identity details of the bearer shareholders together with the details of the relevant bearer share certificate to the MKK. Each bearer share certificate that is issued has a unique number issued by the MKK and the identity details of the bearer shareholder are maintained against it. Once the bearer share certificates have been printed and issued to the shareholders, a record will be made in the share book that the shares are bearer shares, and no subsequent shareholder is recorded within the share book. All subsequent bearer share holders are recorded in the MKK.

Transfer of bearer shares and registration of pre-existing shares

166. Any subsequent transfer of such new shares will be valid only upon the said transfer being notified to the MKK on the HPKS. Holders of bearer shares can exercise their shareholder rights only if they are reflected as owners in the MKK's HPKS. Similarly, the holders of pre-existing bearer shares were required to identify themselves and electronically register their shares to MKK's HPKS system through the company whose shares they held by 31 December 2021. Notifications made by this date would allow the bearer share holders to continue enjoying shareholder rights without any penal consequences. Beyond this period, while it is still possible to make the notification to the MKK, penal sanctions are applicable (see below).

167. The shareholder rights will not accrue to the buyer or new holder of bearer shares unless he/she is registered with the MKK. In order to do so, the new holder of a bearer share is required to upload identity information about the new shareholder, MKK issued Unique Reference Number of the bearer share, and an image of the share certificate to the HPKS of the MKK to be recognised as the (new) holder of a bearer share. It is only upon successfully uploading this information to the HPKS and once the shareholding of the relevant bearer share certificate has been updated by the MKK, that the (new) shareholder can exercise the associated shareholder rights.

168. Hence, going forward new issuances of bearer shares may become quite similar to dematerialised shares that are traded on the stock-exchange and identity information on the owners of such bearer shares would be known.

Implementation and enforcement

169. For non-compliance with the new provisions in relation to bearer shares the following sanctions (administrative fines) apply:

- for violating the obligation to notify the MKK before the bearer share certificates are distributed to owners by the company, a sanction of TRY 20 000 (EUR 1 186) under Article 562/13-a of TCC
- for violating the obligation to notify the transfer of bearer shares to MKK by the buyer, the sanction of TRY 5 000 (EUR 297) under Article 562/13-b of the TCC.

170. For existing bearer shares, companies and bearer shareholders were granted time till 31 December 2021 to notify the MKK about the existence of bearer shares and the corresponding identity details about their ownership. In respect of already issued bearer shares, Turkish authorities have indicated that out of all the joint-stock companies, only about 12 000 have the option of issuing bearer shares as per their articles of association. They have informed that a significant proportion of the existing bearer shareholders have been registered with the MKK already. Based on estimates from the Ministry of Trade,[37] about a third of the companies with the option of issuing bearer shares in their articles of association have actually issued bearer shares and a significant majority of these companies have

37. Ministry of Trade has reported carrying out a survey of 100 companies from the Istanbul Trade Registry that had the possibility of issuing bearer shares as per their articles of association. Of these, 30 were found to have actually issued bearer shares, while others had not issued any bearer shares; 27 of these companies had already registered with the MKK and the identities of bearer shareholders were established, while 3 were yet to comply.

already registered their bearer shares and identities of their holders with the MKK.

171. Türkiye has reported one administrative fine as sanction on a shareholder for failing to register ownership of bearer shares 31 December 2021.

172. Türkiye has reported that as of August 2022, 2 190 joint-stock companies had made notifications to MKK about their bearer share holders. As a result, 498 182 bearer shares representing 8 574 shareholders had been registered on HPKS. This corresponded to an amount of approximately TRY 47 billion (EUR 2.8 billion). The total amount of share capital of all joint-stock companies is about TRY 21 trillion (EUR 1.25 trillion). Hence, Turkish authorities indicate that bearer shares represent a relatively small percentage of all issued capital of joint-stock companies. Turkish authorities have also referred to Türkiye's FATF MER 2019 where it is indicated that less than 1% of joint-stock companies share capital is in the form of bearer shares.

173. With the amendments to the TCC made through the Communiqué on bearer shares, there has been an improvement in the availability of identity information on the holders of bearer shares. New issuances will require that such identity information is maintained with the MKK and all subsequent transfers will be effective only upon notification and registration of the identity of the new shareholder to the MKK.

174. Nevertheless, in respect of already issued bearer shares, there is a possibility that holders may not come forward until many years later to disclose their identities to exercise shareholder rights.

Absence of transition period

175. There is no specified time limit in the law beyond which if bearer shareholders step forward to disclose their identity, their shareholder rights will not be restored. Türkiye has explained that fixing a time limit for such conversion beyond which shareholder rights cannot be exercised would run contrary to the constitutional protection of property rights.[38] However, fixing a transition period is not the only measure that may be considered for compelling non-compliant shareholders to register their ownerships and

38. Turkish authorities have referred to the Constitutional Court decision File No. 2015/29 Decision No. 2015/95 dated 22 October 2015 in the context of dematerialisation of listed shares of companies, where the Constitutional Court had ruled that a time-limit for dematerialisation would be against the right to property enshrined in the Constitution under Articles 2 and 35. The relevant provision imposing a seven-year time-limit for converting physical shares to dematerialised shares under Article 13 of the Capital Markets Law was struck down by the Constitutional Court.

identities. As the holder's rights can be reactivated, there may be concerns that the anonymity associated with bearer shares may continue indefinitely.

176. Turkish authorities emphasise that such bearer shareholders who come forward at a later date would have to prove their ownership, give reasons for the delay in registration and are also liable to penal sanctions for late registration. No such sanctions have yet been imposed in practice although Turkish authorities have indicated that audits have been launched in two cases of companies where non-compliance has been noted and are currently on going. In any event, the sanction is not high enough to be fully dissuasive in all cases (EUR 313). Given the possibility that the holders of already issued bearer shares may remain unidentified for a long time in the absence of any time limit for identifying themselves with the MKK and the relatively low levels of sanctions for not complying with the requirements to register with the MKK, **Türkiye is recommended to ensure that the identity of holders of already issued bearer shares is available in line with the standard**.

177. Since these amendments and requirements in respect of bearer shares have been put in place very recently, their success in ensuring that identities of all bearer shareholders is available will depend on how effectively and proactively these are implemented, especially in relation to bearer shares issued in the past. **Türkiye is recommended to ensure that the new measures for identifying the owners of bearer shares of unlisted joint-stock companies are effectively implemented and enforced so that accurate and up-to-date information on the holders of bearer shares is always available in line with the standard**.

A.1.3. Partnerships

Types of partnerships

178. There are three types of partnerships in Türkiye, two arising from the TCC and having a distinct legal personality, and one arising from the Turkish Code of Obligations and not having a legal personality.

- Collective Company (general partnership): These partnerships are governed by Articles 211 to 303 of the TCC, are registered with the trade registry and have legal personality. A collective company or a general partnership is an association of natural persons founded for the purpose of operating a commercial enterprise under a trade name (Article 211 of TCC). The partners of a general partnership are jointly and severally liable for the debts of the partnership to the full extent of their own personal property. As of June 2021, 10 749 general partnerships existed in Türkiye (MERSIS).

- Commandite Company (limited partnership): These partnerships are governed by Articles 304 to 328 of the TCC, are registered with the trade registry and have a distinct legal personality. This is a partnership established in order to operate a commercial enterprise under a trade name in which the liability of one or more of the partners against the claims of the partnership has not been limited (unlimited partners) and which the liability of the other partner(s) has been limited by a specific amount of capital (limited partners) (Article 304). Unlimited partners must always be natural persons, while limited partners can be legal persons. A total of 1 915 commandite companies (including those with share capital as noted in A.1.1) are registered in MERSIS as of June 2021.
- Ordinary Partnership: These partnerships are regulated under Articles 620 to 645 of the COB, are not required to register with the trade registry and do not have a distinct legal personality. An ordinary partnership is a contract whereby two or more persons undertake to join their labour and goods in order to achieve a common objective (Article 620 of COB). Joint Ventures are a special category of ordinary partnerships. They are defined in Corporate Tax Law. When a corporate tax taxpayer enters a contractual partnership with another corporate tax taxpayer or an individual or a partnership, upon their request such a joint venture can be subject to corporate tax as a corporate tax taxpayer and accordingly register with the tax administration. Joint ventures often have written contracts and may choose to register with the trade registry. Türkiye has reported a total of 43 114 ordinary partnerships and a further 5 227 joint-ventures as of June 2021.

Identity information

179. Collective companies (general partnerships) must register with the trade registry. Every general partnership must have written articles of association and the signatures of the partners must be notarised or verified at the trade registry at the time of registration (Article 212 of the TCC). Article 213 of the TCC requires that the articles of association contain the enterprise trade name, principal office and business; names and surnames, addresses and nationalities of the partners; monetary contribution from each partner, the value of non-cash contribution and the method of its appraisal, and the nature, extent and value of any personal services to be contributed; and the full names of the persons authorised to represent the partnership indicating whether they are authorised to sign individually or jointly. In the absence of having appropriate articles of association with the specified details, such a partnership is considered an ordinary partnership. Any departure or

dismissal of shareholders/partners of a general partnership must be registered and announced to the trade registry (Article 259 of the TCC). A new partner may join a general partnership, but such change must be reflected by recording it as amendment to the Articles of Association and notifying the trade registry of such change within 15 days.

180. Commandite companies (limited partnerships) must register with the trade registry. The name of the limited partnerships must contain the name of at least one unlimited partner and a reference to the partnership and its type. Limited partners should not be included in the name of the partnership. Articles of association must be drawn up as in the case of general partnerships and submitted to the trade registry. The details of limited partners must also be reflected in the articles of association (Article 307 of TCC). Similar provisions in respect of changes of partners of general partnerships apply to general and limited partners of limited partnerships. In respect of general partnerships and limited partnerships, all information submitted to the trade registries would continue to remain available even after such partnerships cease to exist. In general, the requirement to maintain all commercial books for at least ten years stipulated under the TCC applies to these partnerships and partners remain liable for ensuring compliance.

181. Ordinary partnerships, including joint ventures, do not have legal personality and are unincorporated entities and may or may not register with the trade registry. However, identity information on partners of ordinary partnerships is available due to the requirements of the tax law. For income tax purposes ordinary partnerships are treated as fiscally transparent so the partners are subject to income tax and obliged to declare the commencement of their business by submitting "Declaration of Beginning of Business" and to submit annual tax returns. The declaration of commencement must include identity information on the partners. In their annual tax returns, while partners do not have to report the identity details of all partners in the ordinary partnership, they are required to specify their economic interest in all the partnerships of which they are partners: the name of the partnerships, the specific economic activities and their respective shares in such partnerships. Since these details are submitted electronically, it is possible to query the tax database by name of the partnership to identify its partners. The record retention requirement of maintaining all relevant information for five years arising from the tax law apply and partners of an ordinary partnership remain liable to ensure availability of such records even after an ordinary partnership ceases to exist.

182. In addition, for Value Added Tax (VAT) purposes ordinary partnerships are taxpayers and so they have to register with the tax administration if they are subject to VAT. According to Article 12 of Operational Guidelines for Tax Offices, ordinary partnerships that apply to tax administration for

registration must submit a notarised copy of the ordinary partnership agreement if it has been drawn up, identity card of those authorised to represent the partnership, notarised copy of passport for foreigners and other related documents depends on if the partners are natural/legal persons or one of the partners is a foreign legal person.

183. In respect of joint ventures that apply to tax administration for corporate tax purposes, Article 13 of Operational Guideline of Tax Offices stipulates that they must submit a notarised copy of the joint venture agreement, the original or notarised copy of the declaration or notarised signature list of those who are authorised to represent the joint venture, identity card of those authorised to represent the joint venture, notarised copy of passport or the original and photocopy of passport to be approved by the tax office authorities for foreigners and other related documents depends on whether the partners are natural or legal persons or one of the partners is a foreign legal person.

184. Since in ordinary partnerships each partner is required to be a registered taxpayer, partners who are not taxpayers are required to first register for tax purposes and then the partnership is registered for VAT and other tax types as requested, and a TIN is generated for the partnership.

185. Foreign partnerships carrying on business in Türkiye are also considered fiscally transparent and the foreign partners are liable to register with the tax authorities, obtain TINs and file annual tax returns in respect of all income arising from activities in Türkiye.

Beneficial ownership

186. As in the case of companies, beneficial ownership on partnerships is available through two sources – the CDD requirements that AML-obliged persons must comply with in respect of all their customers as required by the AML Law and RoM; and the beneficial ownership register maintained by the TRA arising from the General Communiqué No. 529 on beneficial ownership information.

Anti-money laundering framework

187. The definition of beneficial ownership provided in the RoM as it applies to legal persons registered to trade registry would apply in respect of general partnerships (collective companies) and limited partnerships (since they are legal entities registered to trade registry). As noted under the discussion on companies, in the context of AML legal framework, the aspects of indirect ownership, chain of ownership and control by other means can be helpfully clarified further in the context of limited partnerships. Further, it should be clarified that in the case of limited partnerships all natural person

general partners of a limited partnership should be identified as beneficial owners as they have control over the partnership regardless of any threshold and legal entities should be looked through to identify relevant natural persons. In the case of general partnerships, since partners would only be natural persons, identity information on all partners would be available. However, it would be helpful to clarify control through other means for identifying beneficial owners of general partnerships.

188. Ordinary partnerships are legal arrangements. In the context of other legal persons (legal arrangements) and unincorporated organisations, Article 17/A(5) of the RoM requires that "Within the scope of permanent business relationship with other legal persons and unincorporated organisations, necessary measures shall be taken in order to detect the natural person(s) who is/are ultimately controlling the legal person. In case where the beneficial owner is not detected, the natural person(s) holding the position of senior managing official within them shall be considered as beneficial owner." This would be in line with the standard. However, the existing guidance does not provide further clarification on how "ultimate control" over an ordinary partnership (being a legal arrangement) should be examined to identify all beneficial owners correctly and accurately.

189. Nevertheless, as noted under A.1.1 (see paragraph 121) these aspects which need further clarification under the AML legal framework are now clarified under the Tax Law Requirements establishing the Beneficial Ownership Register. Since AML-obliged persons are also covered by the Communiqué as persons who can be asked by the TRA to submit details of beneficial owners of their customers, the clarifications would address the issues identified above. However, since Circular dated 5 September 2022 is very recent, Türkiye should monitor that AML-obliged persons apply the definition of beneficial ownership correctly (see Annex 1). Similarly, the in-text recommendation at paragraph 150 applies for partnerships (see Annex 1).

Beneficial ownership register

190. All types of partnerships are covered by the requirement to provide beneficial ownership information into the BO Register. The Communiqué explicitly requires that "person or partner of an collective company, who is authorised to represent the company, one of the partners of a limited partnership whose capital is not divided into shares and shareholder with the highest share in an ordinary partnership" must report beneficial ownership information to the TRA.

191. Communiqué No. 529 provides the same definition of beneficial owners for all types of legal entities (as the one that applies to companies). Thus, the definition as it applies to limited partnerships and general partnerships (being legal entities) is the same as for companies. This definition read

with the beneficial ownership form and the Circular dated 5 September 2022 does bring the definition in line with the standard as it clarifies further that:

> A natural person may ultimately control directly or indirectly an entity with or without legal personality. Natural persons who ultimately control the entity while not holding directly or indirectly more than 25% shares should also be considered as beneficial owner along with the shareholders holding more than 25% shares.

192. This further clarification implies that natural persons holding less than 25% of ownership interests would still be recorded as beneficial owners if they control the entity, which is the case of general partners in general and limited partnerships. In respect of ordinary partnerships the Communiqué no. 529 under Article 5(2) states that “in case of entities without legal personality … (a) any natural persons who ultimately control the entity without legal personality, (b) if the beneficial owners cannot be determined under sub-paragraph (a), then any natural person who has the ultimate executive authority over the entity without legal personality, shall be considered beneficial owner and be reported.” The Beneficial Ownership Reporting Form (noted in paragraph 139) specifically clarifies the same in the context of ordinary partnerships and joint ventures. Thus, for ordinary partnerships being legal arrangements without legal personality, there is no ownership threshold unlike legal entities. This is in line with the standard.

193. The updating of beneficial ownership information as submitted to the TRA’s BO Register is annual in the case of partnerships. At the time of filing annual tax return, beneficial ownership information must be updated by the partners. In any case, where there is a change in beneficial ownership information, such a change must be reported within 30 days by the partnership in accordance with Communiqué No. 529.

Oversight and enforcement

194. Since general partnerships and limited partnerships are legal entities registered with the trade registry, the sanctions discussed in paragraph 102 that are applicable in respect of companies, are similarly applicable. However, statistics on penalties applied on different types of partnerships under the provisions of TCC during the review period are not available.

195. The 2013 Report had noted that in respect of registration of general and limited partnerships with the trade registry there was limited monitoring, and an in-text recommendation was issued that Türkiye should monitor compliance relating to registration by partnerships with the Trade Registry and specify fines for non-registration or violations of provisions concerning registration of changed Articles of Association. No further developments have been reported in this regard by Türkiye and the Turkish authorities

have reiterated the existing sanctions under the TCC as well as the monitoring activities carried out in respect of the tax law obligations. Since no further development is reported in this regard, the same recommendation is retained as such. Türkiye should monitor compliance relating to registration by partnerships with the Trade Registry and specify fines for non-registration or violations of provisions concerning registration of changed Articles of Association (see Annex 1).

196. Besides the sanctions provided under the TCC, the TRA also has oversight over the activities of different types of partnerships. Where partnerships of any type commence business, a tax inspection at the registered address of the partnership is carried out within 15 days of the registration of the new business in the TRA's database. Through this inspection, it is ascertained that the information provided to the trade registry and through it, to the TRA, is correct. Where a partnership fails to notify the commencement of its business, it is liable to special irregularity fines as provided under Article 352 (I-7) of the TPL. Türkiye has provided the following information:

Penalties issued by the tax authorities for failure to notify the commencement of business by different types of partnerships (2018 to 2021)

	Number of taxpayers	Amount of penalty (TRY)	Amount of penalty (EUR)
Ordinary partnerships	245	18 737	1 111
Joint ventures	21	3 506	208
Limited and general partnerships	32	3 982	236

Source: TRA.

197. The purpose of the imposed penalties is primarily to compel registration with the tax authorities.

198. In respect of oversight and enforcement for the availability of beneficial ownership information on partnerships, the developments related to the AML framework under sections A.1.1 and A.3 apply to partnerships.

199. The beneficial ownership register is very recent, is still being populated and a supervisory mechanism is in the process of being deployed. Türkiye has reported that the TRA is monitoring how many taxpayers are submitting beneficial ownership information in the prescribed form.

200. Moreover, TIB has recently started to inspect beneficial ownership information during their regular tax inspection and are obliged to report to the TRA if a taxpayer fails to report true beneficial owner. TRA's local tax offices are monitoring if the taxpayers are submitting the required beneficial ownership information on time. If not, the special irregularities fine is applied.

201. These efforts are very recent and have started after the review period. Hence, **Türkiye is recommended to effectively implement the beneficial ownership register, put in place a suitable supervisory mechanism and enforce compliance by all partnerships in order to ensure the availability of beneficial ownership information in line with the standard**.

Availability of partnership information in EOIR practice

202. During the review period, Türkiye has reported having received only one request on partnerships where identity information was requested and Türkiye was able to respond to the same.

A.1.4. Trusts

203. Trusts cannot be formed under the laws of Türkiye, and the concept of trusts is not recognised under the Turkish legal system.[39] Türkiye is not a party to Hague Convention on Laws Applicable to Trusts. However, there is no restriction on a Turkish resident to act as a trustee of a foreign trust.

204. The 2013 Report had noted that administration of assets (likely to be the activity of a trustee managing or administering the assets of a trust) would ordinarily be an activity supervised by the BRSA and can only be performed by joint-stock companies. Furthermore, it would be an activity covered by the AML law[40] requiring obliged persons to undertake CDD measures. At the time of the 2013 Report, no specific rules existed for identification of beneficial owners of trusts under the Turkish laws. This has now been amended.

205. In order to take measures to prevent any potential misuse of trusts operating under the laws of another country, Türkiye made amendments to the RoM in February 2021. Article 11 of the RoM provides for "Customer identification of non-resident legal persons and trust agreements established abroad". Article 11(2) now requires that any person acting as a trustee of a foreign trust bring this fact to the notice of the AML-obliged persons with which it wants to carry out a transaction.[41]

39. Wakfs also do not exist in Türkiye. The word "Vakif" means foundations in Turkish.
40. Investment fund managers and asset management companies are defined as "obliged persons" under Article 4 of the RoM and must undertake CDD measures and identify their customers.
41. Article 11(2) reads "In case that a transaction requiring customer identification is requested from obliged parties by a natural or legal person trustee defined in trust deed for the benefit of asset of a trust agreement established abroad, it shall be disclosed, before conducting the transactions, in writing that the transaction is

206. AML-obliged persons have been directed to put up notices in their workplaces so that all customers can easily be reminded of their responsibility as a trustee of a foreign trust to disclose such information. Financial institutions are required to obtain, in the establishment of permanent business relationship, a written declaration of the customer indicating whether the transaction is being carried out for the benefit of someone else (Article 11(2) of RoM). If a customer fails to disclose that the transaction is in respect of a trust agreement (carried out for the benefit of another person), Article 15 of the AML law would apply, which prescribes imprisonment of six months to one year or a judicial fine (see footnote 2628) of up to 5 000 days for the relevant customer.

Availability of identity and beneficial ownership information

Anti-money laundering framework

207. Article 11 of the RoM requires the AML-obliged person (including professional trustees), while dealing with a customer who is a trustee of a trust agreement established abroad, to identify the trustee and verify the identity of such a person.

208. For identifying the beneficial owners of the trust, identity information of the settlor, the beneficiaries or group of beneficiaries, and protector, if any, must be obtained. Further, reasonable measures must be taken to identify all natural person(s) who exercise ultimate control over the assets of the trust.

209. With regards to AML-obliged persons, Article 5 of the RoM states that they "shall identify their customers or those who act on behalf or for the benefit of their customers by receiving their identification information and verifying it and take necessary measures for revealing the beneficial owner of the transaction". Failure to comply with this obligation is subject to administrative fines for each violation: TRY 60 000 (EUR 3 559) for financial institutions and TRY 30 000 (EUR 1 779) for non-financial institutions (Article 13 of AML Law).

210. Interactions with representatives of banks and other professionals during the on-site visit suggested that trusts are uncommon in Türkiye. Although the representatives did not rule out the possibility that a Turkish resident could act as a trustee of the foreign trust, none of the representatives had encountered trusts as their customers or part of the ownership chain of their clients.

---

requested for the benefit of the asset of the trust agreement, in accordance with the Article 15 of the Law.".

Beneficial ownership register

211. The Communiqué on Beneficial Ownership Information No. 529 obliges anyone who is a trustee of any trust established outside of Türkiye to submit beneficial ownership information to the TRA. As noted earlier, Article 2 defines "beneficial owner" as "any natural person or persons, who ultimately control or have influence over the legal entity or entity without legal personality." Trusts would be considered "entity without legal personality" and the same definition would apply.

212. Furthermore, Article 5(3) of the Communiqué requires that

> In the case of trusts and similar entities, those who act in the capacity of a founder, trustee, director, auditor and beneficiary or who exercise control over such entities shall be considered beneficial owner and be reported.

213. The relevant Beneficial Ownership Reporting Form provides further guidance on the identification of beneficial owners in the case of a trust. The Form clarifies that where a participant in a trust is a legal entity, then the natural person holding more than 25% of such company should be identified as the beneficial owner of the trust.

214. Trustees are required to submit any changes to beneficial ownership within one month of the change and in any case, once annually by filing a specified form for providing beneficial ownership information.

215. Non-compliance with the reporting requirements under the Communiqué would result in the imposition of special irregularity fines on trustees of foreign trusts. No trust has yet been registered under the Beneficial Ownership Register. However, as noted under element A.1.1 and A.1.3, the beneficial ownership register is very recent and Türkiye has only just begun implementing it. **Türkiye is recommended to effectively implement the beneficial ownership register, put in place a suitable supervisory mechanism and enforce compliance by all trusts in order to ensure the availability of beneficial ownership information in line with the standard**.

Availability of trust information in EOIR practice

216. During the review period, Türkiye has not received any request in respect of trusts. Peers have not indicated having made a request to Türkiye in respect of trusts.

A.1.5. Foundations

217. Turkish law provides for the establishment of foundations[42] under the provisions of Turkish Civil Code and the governing Foundations Law complemented by the Regulation on Foundations. Foundations are legal entities.

218. All foundations established in Türkiye must be registered with the Directorate General of Foundations (VGM) (under the Ministry of Culture and Tourism). Foundations in Türkiye may be set up for charitable, private wealth management, family and any other specific purpose. Foundations in Türkiye are usually non-profit organisations, although they can carry on commercial activities.

219. Article 3 of the Foundations Law mentions five types of Foundations:

- Fused Foundation were founded before the enforcement date of the abolished Turkish Civil Law No. 743 and are administered by the VGM in accordance with the Foundations Law. There were about 59 000 fused foundations in Türkiye as of June 2021.
- Annexed Foundation were set up before the effective date of the abolished Turkish Civil Law No. 743 and their administration is granted to the descendants of the founder-grantor. There were 251 annexed foundations in Türkiye as of June 2021.
- Community Foundation belong to the non-Muslim communities in Türkiye. Their members are citizens of the Republic of Türkiye and they are vested with a status of a legal entity under the Law on Foundations, whether or not they have a charter. They are primarily charitable in nature. There were 167 community foundations in Türkiye as of June 2021.
- New Foundation are those that were either set up under the abolished Turkish Civil Law as well as the applicable Turkish Civil Code. Türkiye has reported 5 592 New Foundations as per the VGM database as of June 2021.
- Artisans/Tradesman Foundation – These foundations were set up before the enforcement of the Foundations Law and are managed by the Board of Directors that is selected by artisans. There was one such foundation in Türkiye as of June 2021.

220. While Fused, Annexed, Community and Artisans Foundations derive from earlier laws, any newly established foundation would be a “New Foundation”. New Foundation refers to the foundations set up under the provisions of the Civil Code dated 1926 which is still in force.

42. Foundations are called “Vakif” in Turkish.

221. Foundations may be set up either through a formal deed or a testamentary disposition. In the case of a formal deed, a notarised will of natural persons and/or legal entities must be submitted to the VGM through a notary public. Once the formal deed has been issued, the endower or the founder of the foundation would need to submit an application to the court for establishing the foundation. The court, upon examining the application, directs the registration of a foundation with the Directorate General (Article 7 of the Regulation on Foundations). In the case of testamentary disposition, a foundation is set up upon the death of the endower, based on the will expressed by such an endower. Application for establishing the foundation as per the will of the endower is made by the Directorate General.

222. All foundations are registered with the registry kept in the court of residential place of the foundation (Civil Court of First Instance). As part of the registration the name of the endower and the foundation, place of residence, purpose, assets and rights, title information of real estates, if there is any, different bodies of the foundation and date and number of establishment charter, date and number of registration decision and name of the court taking that decision are all documented. A registered foundation is also recorded to the central registry which is kept in the VGM. Such a foundation is announced in the Official Gazette.

223. All foundations must have a management body (unless they are fused foundations managed directly by the Directorate General) and appointed managers. The names and details of the managers are to be disclosed to the Court and to the Directorate General.

224. All changes to the objectives or structure of the foundation must be made through the Court by submitting a request for the said changes. The Court consults the Directorate General before permitting such changes.

225. Article 32 of the Foundation Law and Article 34 of the Regulation of Foundations require that all registered foundations submit a specified declaration (indicating changes like relocation, new donations received, etc.) in respect of the previous year to the Regional Directorate of Foundations within first six months of every calendar year and send it electronically.

226. Since 2010, the VGM uses an online Information Management System for Foundations to monitor compliance with the registration obligations. A proceeding of administrative fine according to Article 11 of the Foundations Law can be initiated for managers of a foundation who do not submit duly the declaration, information and documents which are required according to this law or who make declarations contrary to facts. During the review period, Türkiye has reported the number of administrative fines imposed on foundations – 494 in 2018, 680 in 2019 and 290 in 2020.

227. Where a foundation carries out economic activities and has income arising from such activities, it is subject to corporate tax law and is required to register with the tax authorities, obtain a TIN and file corporate tax returns.

228. In case of liquidation of foundations, transactions are carried out depending on the dispositions to be made in accordance with the provisions of the deed. In this case, the VGM is responsible for keeping information on the identity of founders, managers of the foundation and other information submitted in the past after a foundation ceases to exist. This information is maintained in the records of the Directorate General. All financial information is maintained for 10 years in accordance with Article 52 of the Regulations for Foundations.

229. In respect of beneficial ownership information, the Communiqué No. 529 does not explicitly require foundations to submit beneficial ownership information, unless they are corporate tax taxpayers. However, the AML-obligations would ensure the availability of beneficial ownership information on foundations. Turkish authorities indicate that information about the board of the foundation, founders and managers of foundations is maintained by the VGM and is readily available. Notaries are involved at the stage of establishment of foundations and also whenever any changes need to be reflected in the founding deeds. Notaries are under AML-obligations to carry out CDD on their customers. Similarly, foundations would also usually engage with banks and financial institutions. However, the definitional issues mentioned under Element A.1.1 are applicable. Furthermore, in the context of foundations, it would be important to identify the natural person beneficiaries and any other natural person exercising ultimate control over the foundation. Although this later aspect is mentioned in the broader definition of beneficial owner, in the context of foundations further guidance would be needed to help identify all beneficial owners including beneficiaries of a foundation. **Türkiye is recommended to provide further guidance on the definition of beneficial owner in the context of foundations so that beneficial owners of foundations are identified in line with the standard.** Further, foundations that are subject to corporate tax are required to comply with the obligations of filing beneficial ownership information in the newly established beneficial ownership register. **Türkiye is recommended to effectively implement the beneficial ownership register, put in place a suitable supervisory mechanism and enforce compliance by all foundations subject to corporate tax in order to ensure the availability of beneficial ownership information in line with the standard.**

230. Foundations subject to corporate tax law and submitting annual beneficial ownership information to the beneficial ownership register would be required to periodically update such information. However, since there is no specified frequency in the AML-legal framework for updating beneficial ownership information, there could be situations that the information

available with the AML-obliged person on foundations not covered by corporate tax law is not up to date. Hence, **Türkiye is recommended to ensure that adequate, accurate and up-to-date beneficial ownership information is available in respect of foundations not covered by corporate tax law**.

231. In practice, Türkiye did not receive any requests on foundations. Peers have not raised any concerns in relation to the availability of ownership information in respect of foundations.

Other relevant entities and arrangements

232. Turkish laws provide for the establishment of Co-operatives and Associations.

Co-operatives

233. Co-operative companies (or co-operatives) are bodies with legal personality with variable members and variable capital to serve the needs of their members. Members can be natural persons or legal persons. Co-operatives in Türkiye are usually found in agriculture, transportation, services, education, renewable energy and construction sectors. They are governed by the Co-operative Law and are also dealt with to an extent under the TCC. The articles of association of the co-operative companies must be filed with the Ministry of Trade in accordance with Article 3 of the Co-operatives Law. They must be signed by at least seven members of the co-operative. Co-operatives must be registered with the local trade registries. Persons authorised to represent the co-operatives need to be mentioned. Türkiye has indicated that as per the MERSIS database there were 31 532 co-operatives as of July 2021.

234. All co-operatives must keep a Book of Partnership which contains entries of identities of the members, their addresses and date of participation in and leaving the co-operative and the number and amount of capital shares. Like companies, the TCC requires the maintenance of all commercial books for a period of ten years. Once a co-operative ceases to exist, all information submitted to the trade registry would continue to be available perpetually.

235. Co-operatives come under the supervision of the Ministry of Trade. They are considered merchants under the TCC. Similar sanctions and penalties as would apply to other types of companies apply to co-operatives. However, statistics on supervisory actions for non-compliance in respect of Co-operatives were not available. In addition to Ministry of Trade, Ministry of Agriculture and Forest, Ministry of Environment, Urbanisation and Climate Change have a regulatory framework for co-operatives.

236. Co-operatives are subject to corporate tax law and must file annual corporate tax returns. Hence, they would need to comply with tax law requirements and register with the TRA and provide details on their members and persons authorised to represent them. The record retention requirements of five years under the tax law apply equally and the responsible persons identified as representatives of the co-operative continue to remain obliged to ensure compliance with record retention even after a co-operative ceases to exist.

237. In respect of beneficial ownership, being corporate taxpayers, they are covered by the obligations to report beneficial ownership to the BO register under Communiqué No. 529. Further, where they engage with AML-obliged persons like banks and notaries, CDD obligations would require obtaining and maintaining beneficial ownership information. Beneficial ownership information would thus be available for the relevant record retention periods of five years with the co-operatives themselves and for eight years with the AML-obliged persons. Such information would be available with the TRA perpetually under the new BO register. As noted under element A.1.1 and A.1.3, the beneficial ownership register is very recent and Türkiye has only just begun implementing it. **Türkiye is recommended to effectively implement the beneficial ownership register, put in place a suitable supervisory mechanism and enforce compliance by all co-operatives in order to ensure the availability of beneficial ownership information in line with the standard.** Further, the in-text recommendations at paragraph 121 and 150 apply for co-operatives as well in the context of Communiqué 529 and the Communiqué dated 5 September 2022 (see Annex 1).

238. During the review period, Türkiye did not receive any request for information relating to co-operatives.

Associations

239. Associations are non-profit legal entities in Türkiye. They are governed by the Turkish Civil Code (Articles 56 to 100) and by the Law of Association supported by the Regulation on Associations. As of August 2022, Türkiye has reported 103 635 associations as per the Associations Information System (DERBIS) database.[43] According to Articles 56 and 57

43. With the Law on Sport Clubs and Sports Federation dated 26 April 2022, sport clubs which formed a type of associations have been defined as a new legal entity on its own and have been removed from the status of association. In this context, 18 044 sport clubs have been transferred to the Ministry of Youth and Sports as sport clubs legal entities after being removed from the status of association. This has resulted in a decrease in the number of associations from 121 834 to 103 635.

of the Turkish Civil Code, an association is defined as a society possessing legal personality formed by at least seven natural or legal persons who combine continuously their knowledge and activities with the aim of attaining a common and specific purpose except for sharing profits.

240. Associations assume legal personality as soon as they submit the establishment notification signed by the founders of the association, their by-laws and other required documents to the highest civilian administrative authority of their place of residence in accordance with Article 59 of Turkish Civil Code. Following the submission of this establishment notification to the civilian administrative authority, associations are registered in the Associations' Registry Book kept in the provincial Directorates of Association (under overall supervision of Ministry of Interior) (Article 85 of the Regulation on Associations). Information related to the association as well as the identity information of the association founders are included in association's registry. Associations Registry Book is maintained electronically through the centralised database. According to Article 23 of the Law on Associations, associations must notify changes in the executive board, association committee and organs of the association to the local authority to be reflected in DERBIS. This has to be done within 30 days of the general board meeting of the association where such changes are made.

241. Non-compliance with the requirements to maintain prescribed certified books and records in the prescribed manner is punishable and a defaulting manager of an association is punishable with prison sentence from three months to one year or a judicial fine in accordance with (d) subparagraph of Article 32 of Associations Law or administrative fines. Ministry of Interior carries out compliance inspections on associations. Türkiye has reported 135 inspections in 2018, 289 in 2019, 360 in 2020 and 400 in 2021 by the Ministry of Interior's officials.

242. When an association carries on economic activities, it is subject to corporate tax law and must register with the TRA and comply with tax obligations. Further, the obligation to keep books for associations having commercial enterprises is mentioned in Article 172 of the TPL and also Article 64 of TCC.

243. The dissolution process of the Associations takes place in two manners: one by a Court decision, and the other by the resolution of the Associations' general meeting. After a decision has been made regarding the dissolution of the Association, the dissolution board, which will be set up from among the Executive Board of the Association, handles the proceedings with respect to receivables and debts of the Association. Any records, information or documents are kept by the dissolution board for a period of five years, and legal ownership information is retained with DERBİS following the dissolution.

244. In respect of beneficial ownership information on associations, the requirements of the AML law and RoM apply and when associations engage with AML-obliged persons, their beneficial ownership information would be available. Further, where they engage in economic activities and are corporate taxpayers, they would be covered by the obligation to submit beneficial ownership information to the TRA in accordance with Communiqué No. 529. In some situations where they are not covered by the requirements of Communiqué No. 529 and AML legal framework is the only source of beneficial ownership information, the absence of a specified frequency of updating beneficial ownership information could result in such information being out of date. **Türkiye is recommended to ensure that adequate, accurate and up-to-date beneficial ownership information is available in case of associations that are not covered by corporate tax law.** Further, associations that are subject to corporate tax are required to comply with the obligations of filing beneficial ownership information in the newly established beneficial ownership register. **Türkiye is recommended to effectively implement the beneficial ownership register, put in place a suitable supervisory mechanism and enforce compliance by all associations subject to corporate tax in order to ensure the availability of beneficial ownership information in line with the standard.** In addition, the in-text recommendations at paragraph 121 and 150 apply for associations as well in the context of Communiqué 529 and the Communiqué dated 5 September 2022 (see Annex 1)

A.2. Accounting records

> Jurisdictions should ensure that reliable accounting records are kept for all relevant entities and arrangements.

245. The 2013 Report had concluded that the legal and regulatory framework in respect of accounting records was in place and Türkiye had been rated Compliant with this element of the standard. The observations from the 2013 Report continue to apply in respect of accounting records.

246. In general, there are obligations in the relevant commercial laws as well as in the tax laws to ensure the availability of accounting information in respect of all relevant legal entities and arrangements. There are requirements to maintain adequate underlying documentation as well, and the prescribed retention period for such records is in line with the standard.

247. Oversight over maintenance of accounting records by different entities and arrangements is a joint responsibility of the Ministry of Trade in respect of most entities established under the Turkish Commercial Code (TCC) and of the tax authorities. For certain entities like associations and

foundations, there are dedicated supervisory authorities as well. In practice, most of the supervision of accounting records arises from the audits and examinations conducted by the tax authorities: TIB and the TRA. Fiscal examinations and inspections are carried out and non-compliance is punished through fines.

248. During the review period, Türkiye received 195 requests on accounting information. Türkiye was able to provide accounting information in 185 cases while the remaining requests are pending and are being processed. While peers were satisfied with the accounting information received, some peers indicated that accounting information was received very late in some cases.

249. The conclusions are as follows:

Legal and Regulatory Framework: In place

Deficiencies identified/Underlying factor	Recommendations
Turkish legislation does not ensure that reliable accounting records or underlying documentation are kept in all circumstances for foreign trusts with Turkish-resident administrators or trustees.	Türkiye is recommended to establish an obligation to maintain reliable accounting records, including underlying documentation, with a record retention period of at least five years for trusts with Turkish-resident administrators or trustees in all circumstances.

Practical Implementation of the Standard: Compliant

The availability of accounting information in Türkiye is effective.

A.2.1. General requirements

250. The standard is met by a combination of relevant commercial laws and tax law requirements. The various legal regimes and their implementation in practice are analysed below.

Commercial Law

251. All commercial enterprises in Türkiye are considered to be “merchants” under Article 12 of the TCC and are required to maintain books of accounts. Article 64(1) of the TCC states that “every trader must keep trade books and indicate in such books its commercial transactions, economic and financial situation of commercial enterprises, the debit and credit relations and the results obtained in each accounting period in accordance with this Code”. Books must be kept in a manner to provide any third-party

expert with a clear understanding of the activities and financial status of the business over a period. The creation and development of business activities must be monitored through the books of the merchant.

252. The 1982 Communiqué on Commercial Books issued jointly by the Ministry of Trade and the Ministry of Treasury and Finance prescribes the way of keeping commercial books physically or electronically by all companies. For physical books, when a company is first established, an authorised official from the trade registry must certify the journal, ledger, and inventory books. For subsequent accounting periods, notary certification of the trade books is required every year. Specific rules govern the certification for closing of the books for an accounting period. These measures are in place to ensure that accounts are genuine when produced before any law-enforcement agency. In case commercial books are kept electronically, while notary certification is not required, specific guidelines exist to ensure the authenticity of the accounts.

253. Furthermore, Article 64(5) of the TCC specifies that all commercial enterprises covered by the TCC (which includes all natural and legal persons who are merchants) must also comply with the provisions of the TPL in relation to keeping of books, inventory, preparation of financial statements, capitalisation, provisions, accounts, valuation, saving, and submission for the purposes of taxation. The provisions of Article 175 and repeated Article 257 of the TPL must be adhered to (see discussion under Tax law requirements) in addition to the requirements under the TCC.

254. Books and other related records must be kept in Turkish. In case abbreviations, numbers, letters and symbols are used, their meanings must be clearly indicated. All records must be true and adequate. In case the books and other records are kept in an electronic environment, they must be easily accessible and legible throughout the term they are being kept (Article 65 of the TCC).

255. Article 66 of the TCC requires that every merchant maintain the balance-sheet (inventory) book which contains records of immovable, claims, debts, cash and other assets completely and accurately as well as the values of all assets and liabilities individually. Such inventory must be established at the date of opening of the enterprise and subsequently at the end of each year all through the life of the enterprise.

256. Every merchant is required to prepare and sign a financial statement of its balance sheet and also a suitable income statement denominated in Turkish Liras at the end of each year (Articles 68, 70 and 71 of the TCC). Turkish Accounting Standards (published by the Agency for Public Oversight, Accounting and Auditing Standards) must be followed for preparing such statements. They are based on International Financial Reporting Standards.

257. All joint-stock companies are subject to audit requirements and must get their accounts audited annually. Other companies are also subject to external auditing when they meet threshold of assets, revenue and number of employees (Article 397 of the TCC).[44] Shareholders are entitled to seek accounting records from the companies. Companies subject to audit are also required to publish their financial statements on their websites. Interaction with representatives of professional auditors suggested that in general, the compliance with audit requirements is fairly satisfactory, level of awareness about such obligations is high and taxpayers generally maintain the required documentation for enabling audits.

258. In respect of all types of companies, the board of directors is responsible for compliance with the accounting obligations.

259. The TCC provides for sanctions for non-compliance. Article 562 of the TCC provides for judicial fine of not less than 300 days (see footnote 28) on anyone failing to prepare and maintain the full books of accounts as required under the TCC. This applies to all types of companies and partnerships with legal personality that are covered by the TCC.

Ordinary partnerships and trusts

260. Ordinary partnerships are covered by the accounting requirements under the tax law obligations on the partners to maintain accounting records as they are taxpayers. Where VAT applies, ordinary partnerships are required to maintain accounts based on VAT law obligations, which requires all registered entities to maintain accounts. There is no turnover threshold for VAT registration in Türkiye and all businesses must register for VAT purposes.[45]

261. Trusts are not recognised in Türkiye and cannot be set up under Turkish laws. However, a Turkish resident could act as a trustee of a foreign trust. In such cases, there is no specific obligation on the trustee to maintain accounting records. The 2013 Report had noted that the function of acting as a professional asset manager (which a trustee would potentially do in respect of trust property) would require constitution of the trustee as a joint-stock company under the supervision of BRSA or CMB, with the accounting and record keeping accompanying obligations.

44. While there are specific criteria for companies depending on the nature of their activities, the general criteria is companies with more than TRY 35 million (EUR 2.1 million) in assets, or TRY 70 million (EUR 4.2 million) in annual revenue, or employing more than 175 employees. Further, banks and other financial institutions which are subject to regulation and supervision of the BRSA are also subject to external audit.

45. There are some exemptions for particular individual taxpayers who are subject to simplified income tax method and for micro-tradesmen and artisans.

262. Turkish authorities also note that the RoM has been amended in 2021 to require that a trustee of a foreign trust declare its status while engaging with an AML-obliged person. In such situations, Turkish authorities believe that the trustee would be identified and would be maintaining accounting records in respect of such a trust. Furthermore, if such a trustee were to report any income for tax purposes in respect of income arising from the property in Türkiye, accounts would need to be maintained in accordance with the TPL.

263. Nevertheless, where a Turkish resident is not a professional asset manager but a trustee of a foreign-law trust and does not have reportable income for tax purposes, there are no legal obligations to keep reliable accounting records with underlying documentation for a period of at least five years. **Türkiye is recommended to establish an obligation to maintain reliable accounting records, including underlying documentation, with a record retention period of at least five years for trusts with Turkish-resident administrators or trustees in all circumstances**.

Other entities

264. Foundations are obliged to maintain accounting records under the Foundation Regulation. The VGM has prescribed a template for preparation of accounts and foundations are required to prepare their balance sheets and income statements accordingly. Accounts can be kept on operating account basis or balance sheet basis.[46]

265. Associations are required to maintain accounting records on operating account basis or balance sheet basis (if the gross income exceeds certain threshold) based on the Regulation on Associations.

266. Associations and Foundations are subject to Corporation Tax if they carry on commercial activities. In such cases, their economic enterprises would be subject to corporation tax and would be required to maintain accounts on balance sheet basis under the TPL.

267. Co-operatives must maintain accounts based on the obligations under Article 89 of the Co-operatives Law and as per directions of the Ministry of Trade. They are also covered by the obligations under the Tax law.

46. Balance sheet based accounting refers to accrual based accounting where balance sheet and profit and loss accounts are prepared. Operating account basis refers to cash-based accounting where an inventory of stock and other assets is maintained together with a simpler income and expense statement.

Tax Law

268. The TPL contains detailed provisions on bookkeeping, maintenance of supporting records and submission of such records to the authorities. All types of business entities and individuals subject to tax in Türkiye must file annual tax returns. For all entities subject to Corporate Tax, while filing corporate tax returns, balance sheet and detailed income statement is required to be filed.

269. Part II of the TPL deals with bookkeeping requirements for all taxpayers. Article 171 of TPL indicates that taxpayers must keep the books so as to serve the following purposes:

- establishing tax-related assets, capital and accounts of a taxpayer
- establishing tax-related activities and calculations
- determining tax-related transactions
- checking and reviewing the tax status of a taxpayer through his/her/its accounts
- checking and reviewing of the tax status of third persons through a taxpayer's accounts and records (including escrow assets such as deposits, advances, etc.)

270. All merchants and artisans, trading companies, public establishments having an economic purpose, economic enterprises of associations and foundations, members of liberal professions [47]and farmers are obliged to maintain their books of accounts (Article 172 of TPL). Accounting records must be kept in Türkiye. This also applies to electronic books that must be maintained on servers in Türkiye (although they can be prepared overseas). Article 10 of the TPL clarifies that where legal persons or unincorporated entities are taxpayers or liable to tax, their obligations are fulfilled by their legal representatives, those who administer the unincorporated entities and their representatives, if any. Thus, these natural persons (either duly authorised or holding senior positions or being in decision-making positions) from all the relevant entities and arrangements are responsible for complying with the obligations under the TPL.

271. Article 173 of the TPL provides for some exceptions to the requirement to keep books. Certain artisans are exempt from income tax and are exempted from bookkeeping obligations under TPL. Similarly, members of liberal professions that are taxable on lumpsum basis and are not subject

47. Members of liberal professions would include individual professionals like pharmacists, doctors, dentists, architects and civil engineers, lawyers, patent agents, veterinary surgeons and accountants.

to income tax are exempted. Further, public establishments having an economic purpose but are exempt from corporation tax are exempt from bookkeeping requirements. However, Turkish authorities indicate that although this exemption exists, it applies in very limited circumstances as foundations and associations (most common public establishments) with economic purpose would be covered by corporate tax and hence, not be eligible for this exemption. Nevertheless, where these exempt individuals and entities are subject to any other taxes (like VAT, personal income tax, excise duty, withholding tax, stamp tax), the bookkeeping requirements as per those relevant tax laws apply.

272. Books are required to be maintained based on accounting year, which is usually the calendar year. While the law permits taxpayers to adopt the most suitable accounting method for keeping their accounting records, the adopted method must be consistent with the objective of reflecting a true and accurate picture of the affairs of the taxpayer.

273. Article 175 of TPL authorises the Ministry of Treasury and Finance to establish procedures and principles concerning the accountancy standards, uniform chart of accounts and financial statements, and enforce their application with respect to the types of taxpayers, companies and businesses, and establish the other related procedures and principles. Similarly, the Repeated Article 257 of TPL authorises the Ministry to determine the accounting method and principles as well as the nature, form and information that must be contained in the books, documents and records. Based on these Articles, General Communiqué No. 1 on "Implementation of Accounting System" has been issued to provide for true and fair accounting of operations and results of all enterprises and companies owned by legal entities and natural persons that keep accounting records on a balance sheet basis; to secure a fair reflection of the information presented to the interested parties through financial statements; by maintaining the consistency and comparability of that information and to facilitate the audit of these firms.

274. In respect of merchants, a classification is drawn – first-class merchants and second-class merchants. All commercial companies (joint-stock, limited and commandite with share capital) are considered first-class merchants. Other types of entities having turnover above prescribed thresholds[48] are also considered first-class merchants. First-class merchants must

48. The thresholds, which are specified in Article 177 of the Tax Procedure Law, are increased every year through the General Communiqués of the Tax Procedure Law. With regard to Article 177 of the Tax Procedure Law, the thresholds announced for the years 2021 and 2022 are as follows:

1. Those who sell the purchased goods without processing or after processing and whose annual purchases exceed TRY 300 000 for the year 2021, TRY 400 000

maintain books on balance sheet basis. This method of keeping accounts requires them to maintain journals, ledgers and a book of assets and liabilities (balance sheet book) (Article 182 of the TPL). Any other taxpayer can also opt to maintain accounts on balance sheet basis.

275. Second-class merchants must maintain accounts on operation account basis detailing receipts and expenses. Such merchants must maintain an inventory of their stock and must annually prepare an operating account statement. Second-class merchants are usually small businesses with turnovers below the specified thresholds.

Retention of accounting records and companies that ceased to exist

276. All types of legal entities and arrangements in Türkiye must retain accounting records for at least five years. Different governing laws prescribe different record retention periods. However, the minimum retention period prescribed across the laws is five years. This is in line with the standard.

277. According to the TCC, every trader is obliged to keep these documents for ten years (Article 82). The time period for retention of records is calculated from the end of the relevant calendar year to which the records pertain. According to the Foundation Regulation, the minimum retention period is ten years (Article 52). According to the Association Regulation, the minimum retention period of documents is five years (Article 39).

278. Article 253 of the TPL mandates that all persons obliged to keep books of accounts under the TPL maintain them for a period of five years counted from the calendar year following the year to which they refer. Further, Article 254 of the TPL stipulates that those taxpayers that are exempt from the obligation to maintain books in accordance with the TPL must keep all invoices, expense and production statements in a chronological order for a period of five years from the calendar year to which they pertain.

279. Since 2020, the Tax Administration has implemented a system that requires online submission of accounting books by all business taxpayers

for the year 2022 or whose annual sales exceed TRY 420 000 for the year 2021, TRY 570 000 for the year 2022

2. when gross business income exceeded TRY 150 000 for the year 2021, and TRY 200 000 for the year 2022

3. In case the business activities written above in subparagraphs (1) and (2) are carried out together, where five times the sum of the revenue of the business written in subparagraph (2) and the annual sales amount exceeds TRY 300 000 for the year 2021, and TRY 400 000 for the year 2022.

to the TRA. All businesses that file tax returns are submitting their accounting books directly to the TRA. Turkish authorities have informed that these electronic submissions will be maintained perpetually by the TRA's systems.

280. The discussion under section A.1 on companies that cease to exist is applicable for accounting records as well. In case of liquidation of a company, the liquidators are obliged to keep the accounting records and prepare a final balance sheet of the company. Article 536(4) of the TCC requires that at least one of the liquidators must be a Turkish citizen and domiciled in Türkiye and all records are kept in Türkiye. Once liquidated, all the past records of the company are submitted to the Court of Peace where they are maintained for at least ten years (Article 82 of the TCC).

281. The tax law obligations for maintenance of accounting records ensure the availability of accounting records in line with the standard for all relevant entities and arrangements.

A.2.2. Underlying documentation

282. All entities that carry out business activities must maintain adequate underlying documentation to support the financial statements prepared, as noted in the 2013 Report. The TCC and the TPL provide detailed requirements in this regard. Article 64(2) of the TCC requires every merchant to keep a copy (such as photocopy, carbonaceous copy, microfiche or computer records) of each document sent out in connection with the undertaking in a written, visual or electronic environment. Companies that are subject to audit must maintain all underlying documentation and make it available to the auditors.

283. Article 227 of the TPL requires that all entries in the books of accounts be documented, i.e. supported by appropriate documentation that can prove the veracity of the accounts. Emphasis is placed on maintenance of vouchers for documenting expenses and invoices for supporting incomes. The TPL provides specific guidance on how vouchers and invoices should be maintained. All first-class merchants must issue invoices. Further, Article 232 of the TPL requires that an invoice be issued in respect of all sales exceeding TYR 2 000 (EUR 110) and upon request of the buyer even below this threshold. Electronic invoices are permissible as well. Further, Article 242 of the TPL requires that all merchants keep all legal documents such as agreements, letters of commitment, guarantees, court judgements, and any other fiscal documents as part of their underlying documentation for their accounts.

Oversight and enforcement of requirements to maintain accounting records

284. Oversight and enforcement activities in relation to maintenance of accounting records are carried out by the relevant supervisory authorities and the tax authorities.

285. In respect of companies, the Ministry of Trade's Guidance and Inspections Department carries out periodic checks on companies to examine their level of compliance. The Department has 397 active inspectors, of which 137 are specifically authorised to carry out audits within the scope of the TCC. As a result of the inspections carried out this Department, 153 companies have been fined for not complying with Article 64 of TCC since 2016, including 28 companies in 2018, 71 companies in 2019, 29 companies in 2020.

286. The monitoring of compliance with the tax requirements starts with scrutiny of the filing of returns. All taxpayers are expected to file their tax returns in a timely manner. Tax return filing rates are fairly high especially for all types of corporate taxpayers. Non-filers are monitored and reminders are sent for filing tax returns. Where taxpayers fail to file tax returns for two consecutive periods, an on-site inspection to verify commercial activity is undertaken. Either the company is moved to "struck-off" status if it is commercially inactive (see paragraph 293 to 296), or sanctioned for non-filing of statutory tax returns. Türkiye has reported the following tax return filing data:

Tax return filing rates

	2018		2019		2020		2021	
	Returns filed/ Total active taxpayers	**Return filing rate (%)**	**Returns filed/ Total active taxpayers**	**Return filing rate (%)**	**Returns filed/ Total active taxpayers**	**Return filing rate (%)**	**Returns filed/ Total active taxpayers**	**Return filing rate (%)**
Limited Companies	636 689 / 660 562	96.4%	670 550 / 698 541	96.0%	722 178 / 748 420	96.5%	779 647 / 816 375	95.5%
Joint-Stock Companies	120 970 / 124 472	97.2%	128 028 / 131 932	97.0%	138 337 / 141 757	97.6%	149 331 / 153 941	97.0%
Co-operatives	13 305 / 14 199	93.7%	13 314 / 14 256	93.4%	13 704 / 14 632	93.7%	14 160 / 15 307	92.5%
Other entities	10 616 / 11 342	93.6%	10 812 / 11 602	93.2%	10 987 / 11 702	93.9%	111 180 / 12 050	92.8%
Joint venture	4 303 / 4 521	95.2%	3 702 / 3 930	94.2%	4 404 / 4 720	93.3%	5 120 / 5 542	92.4%

Source: TRA.

287. The TRA and Tax Inspection Board are jointly responsible for ensuring compliance with accounting obligations under the Tax Law. As noted in the 2013 Report, Türkiye has an established tax system with tax audits and inspections being an integral part of the enforcement efforts of the tax administration. The TIB has close to 7 000 tax inspectors at different levels of seniority while TRA has about 800 officials specifically authorised to conduct tax audits.

288. A number of tax audits are carried out by tax auditors across the provinces in Türkiye. The TRA carries out periodic desk-based audits while

the TIB carries out detailed audits involving on-site inspections and investigations. Article 127 of the TPL authorises the tax authorities to carry out necessary examinations of compliance with accounting obligations by various taxpayers. Specifically, Article 127(c) of the TPL provides for specific powers to examine compliance with maintenance of all accounting records as required by the tax law, ensure that accounting records are maintained at the place of business of the entities, books have been duly certified and all entries are duly recorded, and suitable underlying documentation with invoices is available. Such examinations are carried out pursuant to Article 134 of the TPL.

289. Irregularity fines are provided for under Article 352 of the TPL for, inter alia, failures related to non-maintenance of accounting records as required by law, incompleteness of the accounting records, and failure to get the books suitably certified. Further, Article 353 of the TPL prescribes special irregularity fines where actual amounts received or paid are found to be at significant variance from underlying documentation. Where tax fraud is established, Article 359 prescribes judicial action leading to imprisonment.

290. Desk-based audits as well as on-site examinations are carried out regularly by the Turkish authorities. Cases for audits and detailed examinations are identified based on centrally determined risk criteria. About 4-5% of the tax returns filed are taken up for audit annually. Türkiye has provided the following information on the supervisory and compliance audits carried out by Turkish Tax authorities during the review period:

Tax audits resulting in additional taxes and penalties

	Number of taxpayers audited/ examined	Percentage of active taxpayers (those that filed tax returns) covered by audits	Number of tax notifications issued	Additional tax assessed (TRY million)	Penalties (TRY million)
2018 (01.07.2018 to 31.12.2018)	22 783	*	132 734	5 355.0	12 635.4
2019	38 762	4.69%	260 654	7 571.2	21 117.6
2020	42 081	4.73%	321 791	14 318.5	32 865.6
2021 (01.01.2021 to 30.06.2021)	20 911	*	156 423	7 665.7	19 516.5

* Data is available on annual basis. Hence, it is reported for the two full years, but not for the half years in the review period.

Source: TRA.

291. During the review period, Türkiye has informed that irregularity penalties have been regularly applied for violation of accounting requirements under the tax law. The table below provides these details.

Irregularity penalties for accounting infringements issued by tax authorities

	Number of irregularity penalties	Amount of irregularity penalties (TRY million)	Amount of irregularity penalties (EUR million)
2018 (01.07.2018 to 31.12.2018)	67 367	208.0	12.3
2019	138 037	381.5	22.6
2020	117 080	569.9	33.8
2021 (01.01.2021 to 30.06.2021)	45 389	434.8	25.8

Source: TRA.

292. Overall, Türkiye continues to have an established system of tax audits and investigations. Enforcement and oversight activities are carried out in a systematic manner. The tax authorities are well-staffed, organised and have a good understanding of tax risks. This oversight by the tax authorities would ensure the availability of accounting information in line with the standard.

Inactive entities

293. There is a difference between the MERSIS database and the tax database in terms of what company is identified as "inactive". Companies indicated as "under liquidation" as per the MERSIS database are those that are in the process of liquidation, and these are considered as inactive companies by the Ministry of Trade. Until they are liquidated and deregistered, such companies would have legal personality but, would be inactive. As of 1 July 2021, there were 65 585 companies of all types that were under liquidation as per MERSIS data and these are reported to be inactive. Accounting information on such "under liquidation" companies would be available with the appointed liquidator.

294. The tax database considers commercially inactive companies as inactive. As noted under the discussion on Element A.1 (see paragraphs 107 to 112), there could be companies that are commercially inactive, but are not "under liquidation" and are retaining their legal personality. This information is not available from the MERSIS database. However, as discussed under Element A.1, the TRA identifies those companies as inactive that have not filed tax returns for two consecutive periods and have been found to be commercially inactive upon further verification. Such companies are moved to "struck-off" status in the tax database. Such companies are monitored by the

TRA for any commercial activity as they pose tax risks. They are not permitted to issue invoices. Change of status to active requires submission of justification for past non-compliance to the TRA and there is a process to revert the status.

295. Turkish authorities inform that for such inactive companies, all the accounting information submitted as part of the last tax return would be available with the TRA. Further, the legal representatives of such companies would be obliged to hold the accounting records for the retention period of five years from the year to which they pertain.

296. While the exact number of commercially inactive companies that maintain legal personality (in the MERSIS database) is not readily available, based on the total tax returns filed in 2021 and the number of companies in the MERSIS database, about 94% of joint-stock companies in the MERSIS database and about 81% of limited companies filed tax returns in 2021.[49] This gives some indication of the potential number of inactive companies that did not file tax returns. However, the number of companies in a given year would be higher than those actually obliged to file tax returns as there are new registrations each year. Further, some of the companies might be late filers and not actually inactive. Indeed, when tax return filing rates are considered with respect to active taxpayers in the TRA database for that year, the tax return filing rates across different types of companies is more than 90% (see table at paragraph 286 above). Be as it may, it is acknowledged by the authorities that, although their exact numbers are not available, there are some inactive companies in Türkiye. As discussed under Element A.1, as long as such companies maintain their legal personality, the availability of accounting information needs to be monitored. Turkish authorities indicate that they do monitor these companies for signs of commercial activity. However, in their tax audit programmes, the tax authorities focus on the return filing active taxpayers and not on non-return filing inactive companies, which could potentially carry out transactions overseas out of sight of the Turkish authorities. Unless removed from the MERSIS database, such entities continue to retain their legal personality. Türkiye should monitor inactive companies to ensure that accounting information on all companies is always available in line with the standard (see Annex 1).

Availability of accounting information in EOIR practice

297. During the review period, Türkiye received 195 requests of accounting information on legal entities and individuals. This included information on annual accounts, specific transactions and tax information. Türkiye was able

49. Percentage calculated based on tax returns filed/companies in MERSIS database in 2021. Limited Companies – 779 647 returns/960 716 (MERSIS July 2021) = 81.2%; Joint Stock Companies – 149 331 returns/159 685 (MERSIS July 2021) = 93.5%.

to provide complete accounting information in 185 cases. Turkish authorities have indicated that where a request is foreseeably relevant, adequate identity information on the subject of the request is available and the request is duly received from the Competent Authority of the treaty partner, Türkiye is able to provide the requested accounting information.

298. Where the accounting information was provided, peers have generally been satisfied with the information received. However, peer inputs allude to delays in providing accounting information in several cases. Some peers have indicated that accounting information was received after two years in certain cases and the information could no longer be used. The reasons for the delays are examined under Elements B.1 and C.5. Overall, accounting information on all relevant entities and arrangements would ordinarily be available in Türkiye.

A.3. Banking information

Banking information and beneficial ownership information should be available for all account holders.

299. The 2013 Report had found that the legal and regulatory framework in respect of Element A.3 was in place and Türkiye was rated "Compliant" with this element of the standard. The situation in respect of this element remains quite similar, with two notable changes.

300. The Banking Regulation and Supervisory Agency (BRSA) is responsible for regulation, supervision and monitoring of banks and financial institutions in Türkiye and implements the Banking Law. It also monitors banks' compliance with the AML law obligations. Although BRSA has always worked closely with the Financial Crimes Investigation Board (MASAK) in respect of monitoring banks' compliance with the AML framework, since 2020 there has been a more formalised and co-ordinated framework for such co-operation.

301. Further, since 2013, banks have been required to submit significant amount of banking information to the Turkish Revenue Administration (TRA) on a periodic basis. This information is securely maintained at a specific department of the TRA and is available to the Competent Authority.

302. The standard was strengthened in 2016 to specifically require that beneficial ownership information be available concerning bank accounts. The AML legal framework requires banks to gather and keep this information. The legal and regulatory framework is in place but some improvement is needed to ensure consistent interpretation and application of the definition of beneficial ownership and that this information is up to date. First, the guidance available to banks does not explicitly cover how the definition of beneficial owners would apply in respect of foundations. Second, the banks apply a

risk-based approach for updating customer due diligence and beneficial ownership information. While banks have risk compliance programmes that provide for updating customer due diligence under certain conditions, there are variations across banks. There is no specified frequency for updating customer due diligence and beneficial ownership under the AML legal framework. This could lead to situations where up-to-date beneficial ownership information might not be available on bank accounts. A recommendation is made in this regard.

303. Türkiye received requests for banking information in 144 cases during the review period and was able to provide the requested information in 138 cases. For the remaining cases, Türkiye indicated that it was unable to identify the subject of the request and was awaiting further information from the requesting jurisdiction. The key issue noted in respect of banking information pertained to the delays encountered in gathering and providing such information in some cases. However, these delays were attributable to issues identified under Elements B.1 and C.5.

304. The conclusions are as follows:

Legal and Regulatory Framework: In place, but certain aspects of the legal implementation of the element need improvement

Deficiencies identified/Underlying factor	Recommendations
Although the AML-legal framework complemented by the Tax Law Requirements provide for the definition of beneficial ownership in line with the standard, in the case of foundations the application of the definition is not sufficiently clear. In particular, identification of beneficiaries of a foundation is not explicitly mentioned.	Türkiye is recommended to provide further guidance on the definition of beneficial ownership in its AML legal framework in order to ensure that all beneficial owners of bank accounts held by foundations are always identified in line with the standard.
There is no specified frequency for carrying out customer due diligence and hence, updating beneficial ownership information on bank accounts under Turkish anti-money laundering framework. This could lead to situations where beneficial ownership information on certain accounts may not have been updated for a long time. Although banks usually have internal policies for periodically updating customer due diligence on a risk basis, these vary across banks.	Türkiye is recommended to ensure that adequate, accurate and up-to-date beneficial ownership information on all bank accounts is available in line with the standard.

Practical Implementation of the Standard: Largely Compliant

No issues have been identified in the implementation of the existing legal framework on the availability of banking information. However, once the recommendations on the legal framework are addressed, Türkiye should ensure that they are applied and enforced in practice.

A.3.1. Record-keeping requirements

Availability of banking information

305. There are legal obligations on banks to maintain and report all transactional information on all account holders. These obligations arise from the Banking Law as well as from the AML framework comprising the AML Law, RoM and RoC.

306. The Banking Law provides for obligations to maintain adequate financial information in respect of the business of banking. Article 37 mandates that banks account for all transactions in an accurate manner, and timely arrange the form and content of financial reports in a clear, reliable, and comparable way that is going to meet the requirements of audit, analysis and interpretation. Article 42 provides that all documents related to the activity of banking and bank letters (of loan or guarantees) issued or received by a bank must be kept by the bank for at least ten years from the date to which they pertain. All documents can be kept by way of micro-files or electronically.

307. Further, the AML Law requires all AML-obliged persons (including banks; Article 2) to retain the documents, books and records, identification documents kept in all forms regarding their transactions and obligations established under the AML law for eight years from the date they were drawn up, or the last record date, or the last transaction date (Article 8).[50]

308. Based on these obligations, banks are expected to maintain all account opening documents and annual financial transactional information on all account holders.

309. Türkiye has reported that since 2013, Articles 148 and 149 of the TPL require banks to periodically report all banking information to the TRA.

50. Where a bank ceases operations, all banking information is to be maintained by the Saving Deposit Insurance Fund, which is the designated resolution authority in Türkiye in situations where a bank closes down. BRSA may require the Fund to either liquidate a bank or take over its management and control. In both cases, the Fund becomes custodian of all banking information available with the bank. In the latter case, such information must be kept for at least ten years from the date of a bank's closure.

Such information includes all transactional information on all bank accounts. It is treated as tax information and protected by the confidentiality provisions under the TPL as well as under the Protection of Personal Data law. All banks in Türkiye comply with these obligations. Due to this database, TRA is in a position to identify the owners of all bank accounts in Türkiye.

Beneficial ownership information on account holders

310. The standard was strengthened in 2016 to specifically require that beneficial ownership information be available in respect of all account holders. These obligations are met through the requirements under the AML Law read with the RoM (Article 4 of RoM also notes banks as obliged parties) which provide extensive requirements for carrying out Customer Due Diligence (CDD) on all account holders and where they undertake one-off transactions. The RoC mandates banks to have risk-based compliance programmes in place to combat money-laundering and terrorist financing risks, under the direct responsibility and oversight of the bank's Executive Board.

311. Customer due diligence is regulated in Article 3 of AML Law and Articles 5 to 26/A of RoM. Article 5 of RoM requires banks to identify their customers or those who act on behalf or for the benefit of their customers by receiving their identification information and verifying it, and taking necessary measures for revealing the beneficial owner of the transaction in the following situations:

- when establishing a permanent business relationship
- when the amount of single transaction or the total amount of multiple transactions is equal to or more than TRY 75 000 (EUR 4 448) (TRY 7 500 (EUR 445) for wire transfers)
- regardless of the amount in situations that require suspicious transaction reporting
- regardless of the amount in situations where there is suspicion about the adequacy and accuracy of previously acquired identification information.

312. The RoM elaborates on CDD expected in different situations. Article 6 of the RoM details the requirements of customer identification and verification when dealing with a natural person – either as customer or beneficial owner or representative of a customer that is a legal entity or arrangement. In customer identification of natural persons their name, surname, place and date of birth, nationality, type and number of the identity card, address, sample of signature, information on his/her occupation and profession and telephone number, fax number, e-mail have to be obtained. These details have to be supported by documents like the Turkish identity

card, driving licence or passport for Turkish citizens. For foreigners, passports, Turkish residence card or any other type of ID card that is approved by the Ministry of Treasury and Finance must be submitted. Original or notarised copies of the documents are accepted for verification, and photocopies or electronic copies are collected and maintained. Proof of address is accepted only based on an identified list of documents.

313. In respect of legal entities registered with the trade registry, Article 7 of the RoM requires banks to record the title/name of the legal person, its trade registry number, tax identity number, field of activity, full address, telephone number, fax number and email. Banks are expected to check this information against the information available in the related trade registry office or the database of the Turkish Union of Chambers and Commodity Exchanges (MERSIS) to ensure that it is accurate and up to date.

314. Specific rules also exist for identification of customers that are associations and foundations under Article 8 of the RoM. The natural person representatives of these legal entities must be identified and verified as the case is for natural person customers. Article 11 of the RoM deals with non-resident legal persons and trust arrangements established abroad. All identification documents of such non-residents must be approved by the Turkish Consulate or duly apostilled. Where the customer requesting a transaction or a business relationship is a natural or legal person trustee of a foreign trust, such a customer is required to disclose its status to the bank under Article 15 of the AML Law. Further, all verification documents as required in the case of natural person customer are required where the trustee is a natural person, and for legal entity where the trustee is a legal entity. Where such persons are non-residents, the Turkish Consulates' approval on the documents is required or they must be apostilled.

315. Article 12 of the RoM lays down customer identification requirements for unincorporated entities like ordinary partnerships and joint ventures. The representative has to be duly identified in line with the requirements for natural persons or legal entities. Article 14 of the RoM requires identification of a person acting on behalf of another person. This would cover any situation where a person is representing another, for instance, based on a power of attorney, or as a guardian, curator or trustee. Further, Article 17 deals with situations of customers acting for the benefit of others and would cover situations where a bank customer acts as a trustee of a trust established under the laws of a foreign jurisdiction. Banks are expected to spread adequate awareness among their customers (by putting up notices at the workplaces) about their obligation to report it to the bank that they are acting for the benefit of others and not in their own capacity. Where a person declares to be acting for the benefit of another, the identity of both parties is required to be established and verified in accordance with the other relevant provisions of the RoM mentioned above.

316. Article 17/A specifically requires banks to identify beneficial owners of all customers. Beneficial owner is defined in Article 3(h) of the RoM. Article 17/A of the RoM further elaborates the way of identifying beneficial owners in respect of customers that may be legal persons registered with the trade registry, other legal persons and unincorporated organisations. For the legal persons registered in the trade registry, the three-step cascade approach of identifying the beneficial owners is prescribed. In respect of other legal persons and unincorporated organisations, emphasis is placed on identifying the natural persons who are ultimately controlling the legal person or organisation. The definition of beneficial owner and the steps mentioned in Article 17/A have been examined under Element A.1 and are found to be broadly in line with the standard. However, as noted under Element A.1, under the AML legal framework, further guidance to clarify the aspects of indirect ownership, chain of ownership and control by other means would benefit banks in consistently and accurately identifying beneficial owners of their customers. Sufficient guidance in respect of identifying beneficial owners of partnerships and foundations would also aid such identification. Although during the on-site visit, the representatives from the three banks were aware and understood the concept of beneficial ownership, including these aspects, such understanding may differ across banks. The Supervisory authorities assured that they check the quality of beneficial ownership information that is maintained by the banks on their customers.

317. The recent Circular dated 5 September 2022 in relation to Communiqué No. 529 on Beneficial Ownership Register has clarified the aspects mentioned above. Since, the Communiqué is applicable for AML-obliged persons, the guidance provided by the Circular should address the unclear aspects of the beneficial ownership definition discussed above. Since this Circular has been issued very recently, Türkiye should monitor that banks identify beneficial owners of the accounts held with them in line with the standard (see Annex 1).

318. The only aspect that is not currently clarified by the definition of beneficial owner is in relation to foundations. Guidance is missing on how beneficial owners of a foundation (including its beneficiaries) are to be identified. Hence, **Türkiye is recommended to provide further guidance on the definition of beneficial ownership of foundations so that beneficial owners of all bank accounts held by foundations are always identified in line with the standard.**

319. Where customer identification cannot be completed as required under RoM, banks must not establish business relationship or conduct the transaction that they have been requested. Banks are not permitted to open anonymous accounts or permit accounts in fictitious names. Additionally, when establishing a permanent business relationship, banks have to obtain information on the purpose and intended nature of the business relationship.

320. Furthermore, in cases where a bank is unable to carry out customer identification and its verification which are required to be conducted due to suspicion on the adequacy and accuracy of the previously obtained customer identification information, the business relationship must be terminated (Article 22 of RoM).

321. Reliance on third party CDD can be placed by banks where the third party relied on takes CDD measures in line with international standards (if they are overseas). Nevertheless, the ultimate responsibility of having all CDD documentation available is on the bank (Article 21(1) of RoM). Identity information must be obtained immediately from such third party. Further, where reliance is placed on third party CDD, certified copies of documents relating to customer identification must be immediately available when requested from such third party. Thus, banks must always be able to immediately obtain complete CDD documentation from the third party in order to comply when requested by the Turkish authorities (Article 21 of RoM). Reliance on third party CDD is not permitted where the third party is resident of a country determined to be risky.

322. The transactions which the financial institutions conduct between themselves on behalf of customers and relationships between financial institution and its agents, similar units or outsourcing entities are not within the scope of the principle of "reliance on third parties" (Article 21(4) of RoM). This means that relying/relied parties can only be financial institutions. Financial institutions are not allowed to rely on any other institution such as agents, similar units or outsourcing entities as third parties. The ultimate responsibility in this case belongs to the financial institution establishing business relationships or carrying out transactions.

323. During the on-site interactions, the banking representatives confirmed that in practice, they rely on third party CDD only in specific situations and where they are able to immediately obtain identity information and are confident of being able to obtain underlying CDD information from such third parties. Considering that the ultimate responsibility is with them, they place such reliance while dealing with other financial institutions with which they have long standing relationships. Further, BRSA examines the Compliance Programmes of banks on this aspect while carrying out supervisory checks.

324. Banks are permitted to carry out simplified CDD under some low-risk situations under the RoM. These include transactions carried out between financial institutions on behalf of themselves; or where the customer is a listed public company, public administration or quasi-public professional organisation; while establishing a business relationship within the scope of salary payment by accepting a batch of customers; or in transactions related to pension schemes that provide retirement benefits to employees by way of deduction from their salaries and of pension

agreements. The Ministry of Treasury and Finance has the authority to determine applicable measures and other situations where simplified due diligence may be carried out. Simplified measures require that before establishing the business relationship or carrying out the transaction, the customer and its beneficial owner be identified and the customer profile and transactions are monitored. Banks must have adequate information on the customer and the transaction to consider it low risk. For this purpose obliged parties are required to make use of information to be received from the customer, open public sources, third parties with whom the customer had previous business relationship and other sources; and they should record this information in written or in electronic form.

325. Enhanced CDD is required to be performed in a variety of high-risk situations. This includes situations of complex and unusually large transactions, where the transactions have no apparent reasonable legitimate and economic purposes, where new emerging technologies have been deployed or the customer has links to identified high-risk countries. MASAK has issued a "Guidance on Enhanced Customer Due Diligence Measures" which details a variety of situations where enhanced due diligence must be undertaken as well as the extra measures that should be taken in this regard. It calls for higher number of and more frequent controls in respect of customers and situations for which enhanced due diligence needs to be undertaken.

326. The RoC requires all banks to establish Compliance Programmes using a risk-based approach (Article 5 of RoC). Under the Compliance Programme, banks must put in place institutional policies and procedures for complying with AML obligations, risk-management activities, monitoring and controlling activities, compliance officer and compliance unit, training activities, and internal audit activities. These aspects of the Compliance Programme must be reviewed at least once every two years. In practice, banks' compliance programmes usually require updating CDD on all types of customers between three to five years, except for high-risk customers for which CDD must be updated annually. Dormant accounts are considered high-risk and are subject to enhanced due diligence which requires more frequent checking for any activity. CDD is updated as soon as an account becomes active. Banks reported that where CDD cannot be updated, such accounts are deactivated and ultimately closed after a period of ten years of inactivity and the funds in such accounts are transferred to the Savings Deposit Insurance Fund.

327. Although in practice, banks reported that they update CDD information on all types of bank accounts at least once in three to five years, there is no specified frequency for carrying out CDD to update beneficial ownership information and hence, beneficial ownership information on all accounts under Turkish legal framework. This could lead to situations that beneficial ownership information on certain accounts may not have been updated for

a very long time and such beneficial ownership information is not accurate and up to date. Thus, **Türkiye is recommended to ensure that adequate, accurate and up-to-date beneficial ownership information on all bank accounts is available in line with the standard**.

Oversight and enforcement

328. BRSA is responsible for compliance with the Banking Law. Further, in collaboration with MASAK, it carries out supervision on banks' compliance with their AML obligations. Such supervision in respect of AML obligations is controlled and monitored by MASAK. In the past, the interaction and collaboration between BRSA and MASAK on AML aspects of supervision existed but was less formalised. Since 2020, there is more formalised and structured collaboration between the two organisations.

329. On-site and off-site supervision methods are used in supervisions. MASAK determines the scope and period of the supervision of compliance with AML obligations and the examination of obligation violations and communicates them to BRSA. MASAK can request for supervision of obligation in the scope of either one case or a supervision programme. MASAK can prepare a supervision programme based on BRSA's supervisory units' inputs. MASAK may request the supervision unit to include the supervision of AML-obligations in its supervision programme.

330. The examiners assigned to conduct supervision are authorised to request all kinds of information, documents and legal books from banks. Banks are required to comply and co-operate with the supervisory authorities during such examinations and inspections. During the on-site interactions, it was learnt that in practice, in respect of major banks, a supervisory team from BRSA is usually stationed at such banks and is in constant monitoring engagement with banks. Hence, there is on-going close monitoring of all major banks in Türkiye by BRSA.

331. Sanctions for non-compliance are provided for under the Banking Law as well as the AML Law. In respect of the Banking Law, BRSA may impose an administrative fine of TRY 50 000 (EUR 2 965) to TRY 100 000 (EUR 5 931) on any bank that violates the record keeping requirements (Article 146 of the Banking Law). Further, responsible persons from such banks can also be sentenced to imprisonment from one to three years and a judicial fine from 500 days up to 1 500 days (Article 154 of the Banking Law).

332. Under the AML Law, administrative fines (which are inflation-adjusted) are prescribed for various failures in respect of complying with the RoM. The administrative fine (for the year 2021) for violation of "Customer Due Diligence" obligation (Article 3 of AML Law), "Customer identification

of those acting for the benefit of others" obligation (Article 17 of RoM) and "Identification of Beneficial Owner" obligation (Article 17/A of RoM) is TRY 60 000 (EUR 3 559) for banks (Article 13 of AML Law). Further, responsible persons from banks are liable to imprisonment from one year to three years and judicial fine of up to 5 000 days (see footnote 28).

333. Türkiye has reported that within the scope of the Banking Law, BRSA fined three banks in 2018, five banks in 2019 and six banks in 2020 in respect of violations related to record keeping requirements. In terms of supervisory actions controlled by MASAK, the number of supervisory inspections on banks were as follows:

Number of banks covered by MASAK

	2018	2019	2020	2021
Number of banks inspected	11	21 (branches)	15 (HQs)	16 (HQs)

Source: MASAK, Türkiye.

334. Türkiye has reported that violations of the CDD obligations were not common. Only in one case a bank was sanctioned for not providing information and documents for inspection to the supervisory authorities. Banks were usually found compliant and aware in respect of AML obligations. The constant interaction and close monitoring by the banking supervisor is instrumental in ensuring such compliance.

Availability of banking information in EOI practice

335. During the peer review period, Türkiye received 144 requests for banking information seeking bank account statements for different time periods, identity details of account holders and specific bank transaction details. Of these, Türkiye provided the requested banking information in 138 cases. Two peers have raised concerns about not receiving banking information in a timely manner. The issue of delays in providing banking information is discussed under Elements B.1 and C.5 as the reasons for such delays are other than the availability of banking information.

Part B: Access to information

336. Sections B.1 and B.2 evaluate whether competent authorities have the power to obtain and provide information that is the subject of a request under an EOI arrangement from any person within their territorial jurisdiction who is in possession or control of such information, and whether rights and safeguards are compatible with effective EOI.

B.1. Competent authority's ability to obtain and provide information

> Competent authorities should have the power to obtain and provide information that is the subject of a request under an exchange of information arrangement from any person within their territorial jurisdiction who is in possession or control of such information (irrespective of any legal obligation on such person to maintain the secrecy of the information).

337. The 2013 Report had noted certain deficiencies in the legal and regulatory framework as well as in its implementation in practice in respect of the access powers of the Competent Authority. Türkiye had been rated Partially Compliant with Element B.1 of the standard.

338. In respect of the legal and regulatory framework, the Report had noted that although the Competent Authority had sufficient powers to obtain information under the tax law for domestic tax purposes, legal provisions enabling the tax authorities to gather information for exchange of information (EOIR) purposes were not clearly provided in Turkish law. Further, the scope of professional privilege was found to extend beyond that provided for in the standard. Since the 2013 Report, Türkiye has amended the relevant law to address these issues. The legal and regulatory framework of Türkiye in respect of access to information is now in place.

339. Besides these aspects, the 2013 Report had observed that the significant delays in providing responses to EOI requests arose from the way information was gathered by the Turkish Competent Authority, which is part of the Turkish Revenue Administration (TRA). In most cases, tax audits were conducted by another institution, the Tax Inspection Board (TIB), to obtain information. The TIB carried out in-depth tax audits and provided

information to the Turkish Competent Authority only after the completion of such audits. Tax audits related to EOI matters were not prioritised, and this resulted in undue delays in exchanging the requested information. Türkiye had been recommended to review its entire process of obtaining information for EOI purposes. Türkiye has taken measures and changed its strategy for answering requests. Under this revised strategy, the Competent Authority has collected and exchanged information by using limited audits carried out by the local tax offices of the TRA and by accessing a variety of data sources available to it. The competent authority resorted to the in-depth audits of the TIB in very few cases.

340. While compared to the first round, there has been an improvement in providing responses effectively by having had to rely on the TIB in very few cases, there is still room for improvement in more efficiently accessing information for effective exchange of accounting and banking information as delays have continued to be noted in exchanging such information. Türkiye progresses from a Partially Compliant to a Largely Compliant rating on access to information, as although progress has been made, further improvement is still required.

341. The conclusions are as follows:

Legal and Regulatory Framework: In place

No material deficiencies have been identified in the legislation of Türkiye in relation to access powers of the competent authority.

Practical Implementation of the Standard: Largely Compliant

Deficiencies identified/Underlying factor	Recommendations
Although Türkiye has made progress in putting in place a more effective strategy for gathering information for effective and timely exchange, there have still been significant delays in many cases, especially where accounting information or banking information was requested. In such instances, it was unclear how quickly the access powers were used by the relevant tax authorities to obtain the requested accounting information. Further, the new strategy of obtaining banking information from the IT Department of the Turkish Revenue Administration continued to result in delays due to the heavy workload of the IT Department. However, other available access powers were not considered for use to obtain the requested information directly from banks to avoid delaying exchange of such information.	Türkiye is recommended to ensure timely and proactive use of access powers of the tax authorities for gathering and effectively exchanging information.

B.1.1. Ownership, identity and banking information

Authorities involved in accessing information

342. The Minister of Treasury and Finance or a representative authorised by the Minister is the competent authority for the purposes of exchange of information for tax purposes. The Minister has authorised the Commissioner of the TRA as the Competent Authority for EOI. The Competent Authority function is further delegated to the Head of the Department of European Union and Foreign Affairs (International Department) of the TRA and further to the Head of Group for EOI in this Department. All the Competent Authorities are listed in the Competent Authorities database maintained at the OECD.

343. As noted in paragraph 29, the TRA is a semi-autonomous authority affiliated with the Ministry of Treasury and Finance. While the TRA performs the Competent Authority functions, the TIB is the key dedicated agency for carrying out in-depth audits and investigations. The TIB is an institution of the Ministry of Treasury and Finance and is separate from the TRA.

Access powers

344. The access powers of the Competent Authority are derived from six articles of the Tax Procedure Law (TPL): Articles 148, 149, 151, 152/A, 256 and repeated Article 257. They apply equally to the TRA and the TIB and provide both tax authorities with the necessary access powers.

345. Article 148 empowers the tax authorities to carry out tax audits to obtain all information that they might need from public administration and institutions, taxpayers or other natural persons and legal entities that are in relation with the taxpayer. Information may be asked for in writing or verbally. An appropriate period of time, not less than 15 days, must be provided while calling for information (Article 14 of the TPL).

346. Article 149 empowers the tax authorities to request continuous written information from natural and legal persons, public administrations and institutions regarding taxation-related events. This Article empowers the Turkish tax authorities to require certain institutions to submit information to the authorities on a periodic basis. For instance, it has been used to require all banks to report all transactional information on all account holders to the TRA. Depending on the type of the information involved in the reports, the banks notify banking transaction information by electronically submitting daily, weekly and monthly reports.

347. Article 151 makes it mandatory for all persons who are requested to provide information by the tax authorities to provide such information in a timely manner. Requested persons cannot deny providing the information by citing secrecy clauses under other laws.

348. Article 152/A empowers the tax authorities to obtain information for the purposes of EOI provisions in international agreements and to collect information for foreign tax purposes. This section has been inserted by amendment to the TPL on 11 June 2013 to clarify that the access powers of the tax authorities can be exercised for EOI purposes and not only in the context of carrying out tax examinations (see section B.1.3).

349. Further, Article 256 and Repeated Article 257 specifically deal with the tax authorities access powers in relation to accounting information and create obligations on all natural persons and legal entities to produce all books, documents and information that might be requested by the tax authorities for the purposes of any tax examination.

350. The tax authorities can use their access powers to obtain all available information even if such information pertains to periods beyond the legally stipulated record retention period of five years. As a first check, the Competent Authority will carry out internal checks if the requested information is already available with the tax authorities. If such information is available, the same will be obtained and exchanged. In case such information might be available with an external third-party information holder or the taxpayer concerned, using the same access powers, Turkish authorities can obtain and exchange such information if it is available. However, if the information is not available, the information holder cannot be sanctioned as such information is not required to be maintained beyond the five-year record retention period.

351. The most commonly used access powers in the context of EOI is the power under Article 148 read with Article 152/A, which can be used to obtain all types of information from any person in Türkiye.

The new organisation of access to information

352. In the past, most requests received by the Competent Authority were transferred to the TIB for obtaining information. Extensive and lengthy tax audits were carried out by the TIB in almost all cases to obtain information. Moreover, such EOI requests were not taken up on priority by the TIB. This was a key reason for substantial delays in providing information to EOI partners at the time of the 2013 Report.

353. During the current review period, this has changed considerably with the TRA relying increasingly on databases available to it from other public authorities and asking its local tax offices to carry out limited scope audits and thus making a reference to the TIB only in very few cases.

354. Since the 2013 Report, Türkiye has made progress in respect of its procedures for gathering information, both at the TIB and at the TRA.

355. First, the Competent Authority has moved away from routinely seeking all information from the TIB. Reference to the TIB and the procedures followed by the TIB to gather and provide the information had been found to be particularly slow and resulting in excessive delays in the 2013 Report. As against 90% of the requests that were referred to the TIB from 2009 to 2011, less than 1% of the requests were referred to the TIB from 1 July 2018 to 30 June 2021. All requests made to the TIB are carefully considered, and reviewed and signed by the Head of the International Department of the TRA before being sent. Requests to the TIB are made only in the most complex cases.

356. The Competent Authority has relied much more on the local tax offices, inter-agency databases and on the Department of Implementation and Data Management (IT Department) of the TRA for obtaining information. These changes have resulted in much improved timeliness in responding to EOI requests.

357. The Turkish Competent Authority has increased its reliance on the TRA's taxpayer database that can be used to provide all tax related information on taxpayers.

358. In addition, the Competent Authority has signed specific protocols with relevant Ministries to obtain direct access to their databases on:

- Individuals: complete identity information on all natural persons in Türkiye is available with the MERNIS database, which is the Central Civil Registration System of Türkiye maintained by the General Directorate of Civil Registration and Nationality under the Ministry of Interior.
- Legal persons: complete legal ownership information on all legal entities registered with the trade registries in Türkiye is available with the MERSIS database (maintained by the Ministry of Trade).
- Associations: database maintained by the Ministry of Interior
- Foundations: Foundation Information Management System database of the General Directorate of Foundations.
- Real estate ownership information: from the TAKPAS database maintained by the General Directorate of Land Registry and Cadastre (Ministry of Environment and Urbanisation).

359. Upon receiving the EOI request, information is first collected through one of these databases and an effort is made to provide as much information as available and obtainable from these databases.

360. In addition to these databases, under Article 149, banks are required to submit significant amount of transactional information on customer accounts

to the TRA. All such information is maintained by TRA's IT Department. Access to such banking information is only within the IT Department and the Head of the Group for EOI within the Competent Authority must sign a specific request for receiving information.

361. Second, at the level of the TIB a revision to its rules of investigations accords higher priority to EOI requests. In 2015, Article 23/A was inserted to the "Regulation on the Principles and Procedures to be Followed in Tax Investigations" which stipulated that "Examinations that are required to gather information in accordance with the provisions with respect to exchange of information under International Agreements shall have priority and be completed in the shortest time possible. This examination period may not exceed two months beginning from the receipt of the request letter by the Tax Inspection Board." If the investigation cannot be completed within the allocated time, extension must be sought by the investigator assigned to the case from supervisory authorities.

362. The Competent Authority has also changed its practice of waiting for all information before sending responses to the treaty partner. During the current review period, the Competent Authority sent partial responses based on the information that had already been gathered in a number of cases unlike at the time of the 2013 Report.

363. Despite these efforts and the corresponding improvement, there have been some significant delays in answering requests even during the current review period. The issues are no longer of a general scope, but have affected more particularly access to accounting information through the local TRA offices (see section B.1.2) and access to banking information through the IT Department of TRA (see below).

Accessing beneficial ownership information

364. Beneficial ownership information can be requested from any entity directly by the tax authorities within the scope of Article 148 of the TPL. During the review period, beneficial ownership information was requested in 44 cases. For responding to these requests, Türkiye typically obtained such information from one of the AML-obliged persons, mainly banks, or from the entities themselves using the access powers under Article 148.

365. As noted under Element A.1, since August 2021, Türkiye has established a new register of beneficial ownership within the TRA in application of Communiqué No. 529. This will be the primary source of beneficial ownership information for the Competent Authority.

Accessing banking information

366. Access to banking information has greatly evolved since 2013. The powers have not changed: the access powers of the tax authorities under Article 148 of the TPL are broad enough for requesting banking information from banks.

367. The change comes from the use of Article 149 of the TPL, in application of which banks are mandated to submit all transactional account information to the tax authorities periodically since 2013. The reports submitted by banks contain information on the identity of account holders and banking transactions in line with the account information of bank customers. All this information is maintained by the IT Department within the TRA.

368. The Competent Authority typically relies on this submitted information for responding to EOI requests for banking information. Where account opening information and documents are needed from banks or any information that is not already available with the TRA, a notice is directly sent to the bank under Article 148 of the TPL.

369. At least one peer has indicated that there were delays in receiving banking information. Türkiye has indicated that the delays in these cases were not due to any difficulties in accessing banking information, but due to some difficulties in obtaining clarifications for proper identification of the taxpayer concerned. The clarifications in this regard took time and answers were further delayed due to some staffing issues that arose due to the restrictions posed by the pandemic. Türkiye has indicated that all pending requests for banking information with respect to the peer have now been answered as of August 2022.

370. Nevertheless, there are other reasons as well for the delay in providing banking information. While some of these reasons pertain to internal procedural delays and are discussed under element C.5, all available relevant access powers to obtain and provide banking information were not considered to prevent avoidable delays.

371. It was learnt that the IT Department had a heavy workload and although it had significant amount of banking information available, it took a long time to obtain such information. Access to such banking information is only within the IT Department and the Head of the Group for EOI within the Competent Authority must sign a specific request for receiving information. It is not clear if the request to the IT Department was always made promptly. Further, given the workload at the end of the IT Department, these requests were not prioritised by the IT Department. The access powers under Article 148 allow the Competent Authority to directly obtain banking information from banks. However, the Competent Authority continued to wait to obtain the information from the IT Department and did not consider

using other available access powers to obtain the requested information. It is possible that the Competent Authority preferred to check if the requested information was already available with the IT Department before seeking such information from banks. While this would normally be reasonable, the approach proved to be dilatory. Given the delays within IT Department due to its workload, there was an inordinate delay in obtaining and providing the requested banking information.

372. Therefore, the issue identified in the 2013 Report about the delays in obtaining information through tax audits conducted by the TIB, lack of priority given to EOI requests by the TIB (and lack of follow-up by the competent authority) has not been fully resolved but the issue seems to have moved to the IT Department in the context of banking information. The changes made by the Turkish authorities to increase the effectiveness of access to information for EOIR purposes have not been fully successful so far in respect of exchange of banking information.

373. Hence, **Türkiye is recommended to ensure timely and proactive use of access powers of the tax authorities for gathering and effectively exchanging information**.

B.1.2. Accounting records

374. Accounting information can be requested directly by the tax authorities within the scope of Articles 148 and 152/A of the TPL. Accounting information has to be usually obtained by reaching out to the taxpayer (information holder) or the subject of the request. During the review period, accounting information was requested in 195 instances.

375. During the current review period, the Competent Authority typically relied on getting accounting information through the local tax offices of the TRA, moving away from the practice at the time of the 2013 Report to rely on the TIB. The change of strategy was meant to increase the timeliness of answers. Request for accounting information was placed with the local tax office which carried out a limited scope audit. Upon gathering the information, the local tax office transmitted it to the Competent Authority. The local tax office was able to gather accounting information in most cases although it is unclear how long it took for the local tax offices to obtain the requested information.

376. In seven relatively complex requests where more comprehensive accounting information was requested, the requests for accounting information were made to the TIB which carried out full-scope audits and investigation for obtaining the requested accounting information.

377. Despite efforts to reduce reliance on the TIB for gathering accounting information and making use of the local tax offices more often, timeliness of providing accounting information remained a concern. In their peer input, some peers have noted that in some cases, the information was received after they had closed their investigation. While the accounting information itself was generally satisfactory when received, the key issue was the associated delay.

378. While there have been other factors that have affected the exchange of information (refer Element C.5), the impact of certain issues in respect of use of access powers might have also had a bearing on the delays encountered. It is likely that there have been delays in exercising access powers by the tax authorities from the local tax offices. For instance, it is unclear how promptly the local tax offices have exercised their access powers for obtaining information once they received the request to obtain information from the Competent Authority. If the local tax offices had promptly exercised their access powers, ordinarily information should have been obtained within 15 days (the usual time granted to respond to a notice). Even after factoring in some extensions granted to respond to such notices, information could have been gathered in two to three months at the most. However, in many cases information was gathered and provided after significant delays exceeding one year. It was unclear if the local tax offices prioritised the requests from the Competent Authority over the other work that they need to perform. This is especially so in the first couple of years of the review period and affected exchange of accounting information where information had to be obtained from the relevant taxpayers.

379. Turkish authorities have informed that they are now more systematically following up with the local tax offices on the status of pending requests. Local tax offices are being sensitised on the need to prioritise requests from the Competent Authority. Nevertheless, during the review period, delays have taken place due to delays in effective use of access powers to obtain information. Hence, the recommendation at paragraph 373 applies in the context of accounting records as well. **Türkiye is recommended to ensure that timely and proactive use of access powers of the tax authorities for gathering and effectively exchanging information.**

B.1.3. Use of information gathering measures absent domestic tax interest

380. Domestic tax interest is not a pre-requisite for the Turkish Competent Authority to use its access powers to obtain any information. The 2013 Report had examined this aspect in detail and had noted that all the provisions of TPL were applicable in respect of taxes, dues and charges as applied by national and provincial level governments of Türkiye (Article 1 of TPL). Therefore, the

access powers provided in Article 148 were, on the face of it, applicable in respect of Turkish taxes and Turkish taxpayers and it was unclear if in the absence of domestic tax interest, these access powers could be used. The 2013 Report had alluded to the significant proportion of requests where the TIB had conducted tax audits for obtaining information which suggested that there was lack of clarity on the extent to which the tax authorities can use their access powers outside of the context of gathering information for domestic tax purposes. The Turkish authorities had not concurred with this view and had explained that their access powers had been used extensively for obtaining all types of information regardless of any domestic tax interest in the same. Turkish authorities had explained that the reliance on tax audits by the TIB was essentially to ascertain if the requested information and the taxpayer concerned had potential implications for the taxpayer's position in Türkiye as well. However, this was incidental and not an *a priori* requirement for gathering information. Nevertheless, in the 2013 Report, Türkiye had been recommended to establish clear legal mechanisms empowering its authorities to obtain information for EOI purposes.

381. Since 11 June 2013, the TPL has been amended and Article 152/A of the TPL now explicitly provides that "Revenue Administration or officials authorised to conduct tax investigations can gather information pursuant to "Exchange of information" provisions contained in international agreements, without regard to the scope restriction laid down in Article 1 of this Law." The recommendation is addressed.

382. In practice, out of the 672 EOI requests received during the review period, only 7 requests were referred to the TIB. Türkiye did not have any domestic interest in any of these cases.

B.1.4. Effective enforcement provisions to compel the production of information

383. Special irregularity fines are provided under Repeated Article 355 of the TPL for non-compliance with the requirements under Articles 148, 149, 256 and repeated Article 257 of the TPL. The fines are also applicable to managers of public administrations and establishments.

384. The stipulated irregularity fines are TRY 2 500 (EUR 148) for first-class merchants and members of independent professions, TRY 1 300 (EUR 77) second-class merchants, farmers obliged to keep book, and those whose earnings are determined according to the simple method, and TRY 650 (EUR 39) for all other persons. Having imposed the special irregularity fines, a further opportunity is granted to provide the requested information. Subsequent failure to comply results in increasing the applicable penalty by 100%.

385. Further, criminal prosecution can be launched for failure to respond to a notice from the tax authorities.

386. Turkish tax authorities also have the powers to search and seize documents under Article 142 of the TPL. However, it is a power of last resort in the context of EOI and has never been used. Under the TPL, after a tax examination, if there are indications of fiscal fraud, a search can be carried out. However, the tax authorities must find it necessary and justify the same by making a case for it before the Justice of Peace, who may authorise a search by issuing an appropriate warrant.

387. Turkish authorities have informed that these enforcement powers are used in the course of gathering information where full-scope audits need to be conducted. In general, compliance to tax notices is very high and Turkish authorities have seldom had to use any specific sanctions to obtain information. If the need arises, they will not refrain from exercising these enforcement powers.

B.1.5. Secrecy provisions

Bank secrecy

388. In respect of tax matters, bank secrecy does not obstruct access to banking information in Türkiye. Banks are required to maintain strict confidentiality of all customer information in accordance with Article 73 of the Banking Law. All partners, employees and senior managerial persons of banks must not disclose any information relating to any bank or clients thereof, which they have received in connection with their positions and duties to any authority other than those which have been expressly authorised by law. Breach of such secrecy can lead to sanctions under Article 159 of the Banking Law which provides for sentencing to imprisonment from one year to three years and a judicial fine from 1 000 days to 2 000 days (see footnote 28).

389. In this context, Article 151 of the TPL, "Impossibility to refrain from giving information" requires that natural persons and legal entities who are asked for information by the tax authorities may not refrain from giving the said information by setting forth the clauses of special laws regarding secrecy. Hence, although banks are obliged to maintain confidentiality of all banking information on their customers, banks are required to submit such information upon request of the tax authorities.

390. During the on-site interactions, representatives from the banking sector confirmed that they provide all information that is requested by tax authorities. Further, they are required to submit all banking information periodically to the TRA under the requirements of Article 149 of the TPL.

Professional secrecy

391. Article 151 of the TPL provides that natural persons and legal entities who are asked for information may not refrain from giving the said information by relying on clauses of special laws regarding secrecy. Nevertheless, some exceptions to this general rule are provided. The 2013 Report had noted that tax authorities were not authorised to seek information from barristers and solicitors which reveal facts and particulars entrusted to them or which they have learnt through their duties. However, this prohibition did not extend to the names of their clients (but not the addresses) and their fees and expenses. The TPL afforded greater attorney-client privilege than that under the standard and was not limited to information that constituted "confidential communication between a client and attorney, solicitor or other admitted legal representative, if such communication is produced for the purpose of seeking or providing legal advice or is produced for the purpose of use in existing or contemplated legal proceedings". The tax authorities had indicated that they were prohibited from obtaining information from a barrister or a solicitor even if they acted in another capacity, for instance as administrator or trustee. This was noted to be against the standard. Hence, a recommendation was issued to Türkiye to ensure that the scope of attorney-client privileges afforded to professionals in tax matters was consistent with the standard.

392. Article 151 of the TPL has been amended by Law No. 6487 dated 11 June 2013 as follows:

> Article 151(3): Barristers and solicitors may not be asked to reveal facts and particulars which have been trusted to them or which they have learnt through their duties. This prohibition does not extend however, to the names of their clients and to their fees and expenses *and to events and issues of which they are aware due to their titles other than barristers and solicitor*.

393. The underlined amended text implies that the scope of professional privilege in respect of barristers and solicitors is reduced. Information that might be held by barristers and solicitors as a result of any activity that they might carry out under a title other than that of barrister or solicitor, would not be protected by attorney-client privilege. This would mean that if they were to act as administrators or trustees, the exception of Article 151(3) would not impair the tax authorities' powers to obtain such information that they hold on their clients. The recommendation is addressed.

394. Turkish authorities have never had the need to rely on legal professionals for obtaining any information for EOI purposes so far. Turkish authorities have informed that since the amendment in 2013, they have not faced any legal challenges in this regard for their other domestic tax purposes for which they have sought information from barristers and solicitors. During

the on-site interaction with one representative from the Bar Association, it was learnt that while all legal advice given to their clients would be subject to attorney-client privilege, they would be able to share all information that is in their possession with the tax authorities provided such information is not in the nature of legal advice to their clients. Hence, they would be able to share ownership information including addresses and any accounting information they may hold. Further, the representative explained that acting as a trustee was not considered a professional activity under the ambit of the legal profession in Türkiye and hence, any information held as a trustee would not be covered by the attorney-client privilege.

B.2. Notification requirements, rights and safeguards

The rights and safeguards (e.g. notification, appeal rights) that apply to persons in the requested jurisdiction should be compatible with effective exchange of information.

395. There are no specific legal requirements in Türkiye to notify (both prior notification and time-specific post-exchange notification) the taxpayer or the subject of an EOI request or the information holder about the EOI request. There is also no requirement to disclose the identity of the taxpayer to the information holder when calling for information. However, given that the issued notice would be in relation to an identified person, the identity of the subject of the request can be inferred.

396. Where information needs to be obtained through a tax examination or audit, under the provisions of Article 140 of the Tax Procedure Law (TPL), the taxpayer must be informed about the objective of the fiscal examination. Turkish authorities have explained that in these cases, a general explanation is given to the taxpayer, and it is not disclosed that the examination is in relation to an EOI request. Turkish authorities confirm that where the requesting jurisdiction indicates that the taxpayer may not be informed about the existence of an EOI request, they would be able to comply with such a request.

397. When information is to be obtained from an information holder other than the taxpayer, Turkish authorities would need to issue a notice to such information holder. The notice indicates the legal reference granting the access power (Article 148 read with Article 152/A of the TPL), name or title of the taxpayer, tax identification number, requested information, a time limit of 15 days to respond to the notice and the associated sanctions for non-compliance. Since Article 152/A of the TPL is referred to in such notices, there is a risk that the third party information holder would be alerted to the EOI nature of the request and could potentially alert the subject of the request. Turkish authorities inform that, on most occasions, they are able to

obtain most of the information from other public authorities and databases to which they have access. For banking information, they have had to seek information from banks in some cases. Banks are governed by AML obligations and are used to strong anti-tipping off provisions that are part of the AML Law. Although this provision is not applicable in the context of EOI for tax purposes, in practice, during the on-site visit, representatives from the banks and other professional bodies confirmed that any notice calling for information from the tax authorities are treated with confidentiality and they have a strong practice of not informing the subject of such requests. The risk of tipping-off is therefore low.

398. Turkish authorities have indicated that there are no appeal rights available to the information holder (third party information holder or the taxpayer itself) to object to comply with the notice calling for the information. However, appeal can be made against a penalty that may be imposed by the Tax Revenue Administration (TRA) for non-compliance. Since there are no appeal rights to appeal against the notice calling for information, Turkish authorities indicate that there will not be any delays in obtaining information from such information holder. They further inform that no appeals have been filed against a notice calling for information by either the taxpayer or the information holder. Judicial review of the issued notices is possible. However, there has never been an application for judicial review in relation to a notice issued by the tax authorities in the context of EOI. The Turkish authorities indicate that compliance with tax notices is high.

399. The conclusions are as follows:

Legal and Regulatory Framework: in place

The rights and safeguards that apply to persons in Türkiye are compatible with effective exchange of information.

Practical Implementation of the Standard: Compliant

The application of the rights and safeguards in Türkiye is compatible with effective exchange of information.

Part C: Exchange of information

400. Sections C.1 to C.5 evaluate the effectiveness of Türkiye's network of EOI mechanisms – whether these EOI mechanisms provide for exchange of the right scope of information, cover all Türkiye's relevant partners, whether there were adequate provisions to ensure the confidentiality of information received, whether Türkiye's network of EOI mechanisms respects the rights and safeguards of taxpayers and whether Türkiye provides the information requested in an effective manner.

C.1. Exchange of information mechanisms

Exchange of information mechanisms should provide for effective exchange of information.

401. The 2013 Report had noted that Türkiye had exchange of information mechanisms comprising Double Taxation Conventions (DTCs) and Tax Information Exchange Agreement (TIEAs) with 94 jurisdictions. At that time, Türkiye had signed but not ratified the Multilateral Convention.

402. The 2013 Report had noted that the uncertainty on the need or not of a domestic tax interest to access information for EOI purposes affected both Element B.1 and Element C.1.4. Türkiye has introduced a dedicated Article 152/A empowering the TRA to use its access powers to gather information for EOI purposes regardless of domestic tax interest. This recommendation has been addressed by Türkiye.

403. Further, the 2013 Report noted that the time taken by Türkiye to ratify EOI mechanisms was two years on average and Türkiye had been recommended to take all internal steps to bring its EOI mechanisms into force expeditiously. While Türkiye has indicated that the TRA placed a request with the Ministry of Foreign Affairs to expedite the process of putting into force all signed agreements, due to various factors, the average period has not improved. TIEAs signed with Guernsey (in March 2012), Isle of Man (in September 2012) and Gibraltar (in December 2012) were ratified in 2017 and have entered into force. The Multilateral Convention that had been signed in November 2011 was ratified in October 2017 and entered

into force on 1 July 2018. Accordingly, the recommendation made in the 2013 Report is retained. However, with the Multilateral Convention now in force, the impact of this issue would be mitigated.

404. Since the 2013 Report, Türkiye has signed 18 new DTCs with Argentina, Burundi, Cambodia, Chad, Cote d'Ivoire, Democratic Republic of Congo, Gambia, Iraq, Mexico, Nigeria, Palestinian Authority, Rwanda, Somalia, Sierra Leone, Senegal, Sri Lanka, Venezuela and Viet Nam. Further, Türkiye has revised its DTCs with Korea and Qatar and has signed protocols amending the original DTCs with South Africa, Belgium, Uzbekistan, Ukraine and Kuwait including on the EOI articles. These new agreements are in line with Article 26 of the OECD Model DTC, even though some slightly depart from the model wording.

405. In practice, no issues have been identified with Türkiye's implementation of its EOI mechanisms. Peers have not raised any issues in this regard.

406. The conclusions are as follows:

Legal and Regulatory Framework: In place

Deficiencies identified/Underlying factor	Recommendations
Türkiye has brought the Multilateral Convention into force and has a wide treaty network. However, the ratification and putting into force of EOI mechanisms continues to take more than two years on average.	Türkiye is recommended to ensure that it takes all internal steps to bring all its EOI mechanisms into force expeditiously.

Practical Implementation of the Standard: Compliant

No issues have been identified in the implementation of the EOI instruments in force that would affect EOIR in practice.

Other forms of exchange of information

407. Besides EOIR, Türkiye has commenced exchanging financial account information under automatic exchange of financial account information since 2018. Türkiye also exchanges information spontaneously with several treaty partners.

C.1.1. Standard of foreseeable relevance

408. The 2013 Report had noted that out of the 82 DTCs and 5 TIEAs that were in force at the time of the Round 1 review, only 13 DTCs and the 5 TIEAs used the term "foreseeably relevant" in the EOI articles while indicating the type of information that was exchangeable under the agreements. For all

other 69 DTCs, the word "necessary" had been used. Nevertheless, this was considered acceptable and in line with the standard as Türkiye relies on the OECD Model DTC and its commentary for negotiating and interpreting its tax treaties. Hence, the Turkish Authorities have adopted a wide enough interpretation of the term and understand "necessary" to mean "foreseeably relevant".

409. Since the 2013 Report, the wording of the EOI article in the DTC with Qatar has been slightly amended to read "…such information as may be relevant for carrying out the provisions of this Agreement" instead of the term "foreseeably relevant". Nevertheless, Turkish authorities confirm that they understand the wording of this agreement also in the sense of "foreseeably relevant". The 18 new DTCs that Türkiye has signed use the term "foreseeably relevant".

Clarifications and foreseeable relevance in practice

410. In practice, Türkiye has continued to interpret the term foreseeable relevance in a broad manner.

411. The EOI manual provides guidance on the concept of "foreseeable relevance" which is based on the commentary on Article 26 of the OECD Model DTC. Where a request does not appear to be foreseeably relevant, the requesting treaty partner should be contacted to provide further information to clarify the foreseeable relevance of the requested information for its tax purposes. Once an explanation is provided by the treaty partner and the request is accepted as foreseeably relevant, Türkiye would not decline the request or withhold requested information.

412. During the review period, Türkiye has indicated that out of the 672 requests received, 58 did not originally meet the foreseeable relevance criteria. Türkiye has never declined a request immediately and has always gone back to the requesting partner to seek information to further elaborate on foreseeable relevance. Where foreseeable relevance could not be established, such requests have been declined only through further interaction with the treaty partner. Eventually, 36 requests were declined due to these requests not meeting the foreseeable relevance criteria (see paragraph 507).

413. In their input, while peers have mentioned that clarifications were sought by Türkiye in several requests, they have not indicated that they faced difficulties because Türkiye adopted a narrow interpretation of the foreseeable relevance standard.

Group requests

414. There is no special procedure for responding to Group Requests and they are handled and answered in the same way as individual requests. The EOI manual has been recently updated and contains a dedicated

section on handling Group Requests mostly based on the commentary on Article 26 of the OECD Model DTC. Türkiye would expect a detailed description of the group and the facts that lead to the request; an explanation of the applicable law and the reasons to believe why the group of taxpayers are considered non-compliant based on clear facts; and an explanation on how the requested information will assist in ensuring compliance.

415. Türkiye has indicated receiving one group request during the review period. Türkiye requested for some further information from the treaty partner before proceeding on this request to establish foreseeable relevance and correctly identify the information holder. The request is pending as the clarification sought is still pending from the treaty partner.

C.1.2. Provide for exchange of information in respect of all persons

416. The 2013 Report had noted that of the 82 DTCs and 5 TIEAs that Türkiye had signed, 44 provided for exchange of information with respect to all persons. The EOI Article explicitly mentioned that the exchange was not restricted by Article 1 (personal scope). In the other 38 EOI mechanisms, an explicit reference to Article 1 was not there in the relevant EOI articles. However, the 2013 Report had noted that this did not prevent Türkiye from exchanging information in respect of all persons as the Turkish Authorities would exchange all available information that was necessary “for implementing the tax laws in the treaty partner” and would not be constrained by the absence of reference to disregard the scope of Article 1 in the EOI Article.

417. Since the 2013 Report, the Multilateral Convention has also entered into forced in Türkiye and most of the 38 EOI mechanisms that did not have reference to disregard the scope of Article 1 are covered by the Multilateral Convention.[51]

418. The first paragraph of the EOI Article of all the 18 new DTCs that have been signed by Türkiye after the 2013 Report, clarifies that EOI is not restricted by the scope of Article 1.

419. Türkiye has indicated that during the review period there were at least 40 requests where Türkiye provided information on persons who were non-residents for Türkiye. It is not clear if the subject of the requests were non-residents in the requesting jurisdiction, as the EOI unit does not

51. EOI mechanisms with the Algeria, Bangladesh, Belarus, Egypt, Ethiopia, Iran, Sudan, Tajikistan, Turkmenistan, and Turkish Republic of Northern Cyprus, are not covered by the Multilateral Convention.

This list was provided by Türkiye and its reproduction here is without prejudice to the status of the listed territories under international law.

maintain such information, but Türkiye has indicated that this would not prevent Türkiye from providing all available information to the treaty partner and regardless of residency. As long as the request is foreseeably relevant, Türkiye will provide all available information that has been requested.

C.1.3. Obligation to exchange all types of information

420. Türkiye's EOI mechanisms do not restrict the type of information that can be exchanged. Further, Türkiye's domestic law also does not prohibit exchange of any specific type of information. The 2013 Report had noted that while Türkiye's older DTCs did not contain an equivalent of paragraph 5 of the Model DTC, 10 DTCs and 3 protocols of earlier DTCs did contain the same. However, absence of paragraph 5 had not been a constraint for Türkiye to exchange all types of information from its side. All the 18 new DTCs that Türkiye has entered into after the 2013 Report contain paragraph 5 of the Article 26 of the OECD Model DTC.

421. The 2013 Report had noted that although Türkiye had exchanged bank information even in the absence of Article 26(5), its treaties with Austria, Lebanon and United Arab Emirates did not provide for this article and the three jurisdictions' domestic laws did not permit access to banking information. Since the 2013 Report, the Multilateral Convention has entered into force between them and Türkiye. Furthermore, the Round 2 reports of all these jurisdictions indicate that their Competent Authorities now have access to banking information. Hence, the issue identified in the 2013 Report has been resolved.

422. During the review period, Türkiye has exchanged all types of information including banking information, whether or not the underlying DTC contained an equivalent of paragraph 5 of the Model DTC.

C.1.4. Absence of domestic tax interest

423. Türkiye does not require any domestic tax interest in respect of answering EOI requests. The 2013 Report had noted that most of Türkiye's DTCs had been in force before the amended new Article 26 of the OECD Model DTC was drafted. Only ten DTCs and three amending protocols contained paragraph 4 of the Article 26 of the OECD Model DTC. However, this had not prevented Türkiye from obtaining and exchanging information in all cases, regardless of whether it had any domestic tax interest in such information.

424. The 2013 Report had, however, noted that there was some lack of clarity on whether the Turkish Competent Authority would be able to use its access powers to obtain information to answer EOI requests given that the access powers under the TPL were in respect of Türkiye's domestic taxes (see Element B.1). Türkiye solved this uncertainty by introducing

Article 152/A TPL which permits the tax authorities to exercise their access powers for obtaining all information for EOI purposes.

425. The 2013 Report had also noted that one of Türkiye's treaty partners, Lebanon, had a requirement of domestic tax interest under its domestic laws. Since the 2013 Report, Türkiye has put the Multilateral Convention into force and Lebanon has also amended its laws (refer to Lebanon's Round 2 Report) in this regard. Hence, the issue identified in the 2013 Report is no longer applicable.

426. All of the 18 new DTCs signed by Türkiye since the 2013 Report contain paragraph 4 of Article 26 of the OECD Model DTC. Hence, there is no requirement of domestic tax interest in respect of these new DTCs.

427. Turkish authorities have indicated that they gather information using their access powers in all cases regardless of any domestic tax interest, which may be purely incidental to the gathered information. If during processing of an EOI request, the Competent Authority finds anything that might be of interest to the Tax Audit department, such information is shared with the tax authorities for their domestic audit purposes. Türkiye responds to requests pertaining to residents and non-residents in the same manner. During the review period, Türkiye has informed that in more than 40 cases, information was provided in respect of persons who were not taxpayers in Türkiye. In addition, in more than 180 cases, information was provided where there was no domestic tax interest for the TRA. Peers have not raised any issues in this regard.

C.1.5 and C.1.6. Civil and criminal tax matters

428. All of Türkiye's EOI mechanisms permit exchange of information in civil and criminal tax matters. This is true also for the 18 new agreements signed by Türkiye since the 2013 Report. Türkiye has indicated that the procedures for gathering information would be the same regardless of whether the requested information is for civil or criminal tax purposes in Türkiye.

429. In practice, Turkish authorities have indicated that they have exchanged information in both civil and criminal tax matters. Peers have not raised any concerns in this respect in their inputs. However, in respect of one peer, Türkiye did have a difference of opinion about the years that could be covered by the request under the Multilateral Convention where the request pertained to a criminal tax matter and the tax covered was VAT. Türkiye provided information for the time period that it believed was covered by the Multilateral Convention. However, this instance was more of an issue of conflicting interpretation of the treaty provisions in terms of the period to which information could be provided and not an indication that Türkiye would not provide information in criminal tax matters. This issue is discussed further under Element C.5.

430. There is no requirement for dual criminality under Türkiye's domestic laws or in any of the EOI agreements.

C.1.7. Provide information in specific form requested

431. There is no restriction in place in respect of the form in which Türkiye can provide the requested information. Türkiye continues to be able to provide information in the specific form that the treaty partner might request.

432. In practice, during the review period, Türkiye was able to provide the requested information in the form indicated by the treaty partner. Peers did not raise any issues in this regard.

C.1.8 and C.1.9. Signed agreements should be in force and be given effect through domestic law

433. All signed agreements need to be ratified by the Turkish Grand National Assembly before they can be put into force. The President of the Republic of Türkiye approves and promulgates international treaties. Article 90 of the Turkish Constitution provides that:

> The ratification of treaties concluded with foreign states and international organisations on behalf of the Republic of Türkiye shall be subject to adoption by the Turkish Grande National Assembly by a law approving the ratification.

434. At the time of the 2013 Report, the Multilateral Convention and 11 bilateral agreements had been signed but were not in force. These were DTCs with Australia, Kosovo,[52] Malta, the Philippines; TIEAs with Bermuda, Gibraltar, Guernsey, Jersey and the Isle of Man; and Protocols to the DTCs with Malaysia and Singapore.

435. Once an agreement is signed,[53] the draft law and its preambles are prepared and sent to the Ministry of Foreign Affairs, which carries out internal checks on the drafts. The Ministry of Foreign Affairs sends it to the

52. This designation is without prejudice to positions on status, and is in line with United Nations Security Council Resolution 1244/99 and the Advisory Opinion of the International Court of Justice on Kosovo's declaration of independence.

53. In 2013, the General Directorate of Revenue Policy was in charge of negotiating and signing tax treaties. It has since been abolished and now this responsibility lies with the TRA. The International Department within the TRA has a dedicated section that deals with all bilateral and multilateral tax agreements including EOI mechanisms. Negotiation and signature must be authorised by the President with a Presidential Decree (in accordance with Law No. 244 and Presidential Decree 9). In most cases, this is done by the Deputy Commissioner of TRA and his/her team.

Presidency (President's office), and then the President presents it to Grand National Assembly of Türkiye (TGNA). The Speaker of the TGNA presents the draft law to the Parliament and sends it to the relevant commissions of the parliament.[54] Upon being approved by the commissions and the parliament, the law approving the ratification of the Agreement adopted at the general assembly of the parliament is published in the Official Gazette. Next, the Presidential Decree for the ratification of the Agreement is issued and published in the Official Gazette. The text of the agreement is included in the annexure of the Decree. The Ministry of Foreign Affairs notifies the treaty partner through diplomatic channels that the ratification process is complete on the side of Türkiye. After receiving the notification that the ratification process of the other country has been completed, the effective date is determined according to the arrangement in the Agreement. The Ministry of Foreign Affairs informs the Tax Administration about the effective date in writing. The Presidential Decree, indicating the effective date, is also published in the Official Gazette.

436. The 2013 Report had noted that the ratification of EOI mechanisms takes two years on average and Türkiye had been recommended to take all internal steps to bring all its EOI mechanisms into force expeditiously. This recommendation has not been suitably addressed and the completion of the ratification process and putting the signed agreements into force continues to take a long time. Türkiye has indicated that the ratification process should ordinarily take one to two years. However, in practice, the ratification process has taken at least two years in most cases and has exceeded four years in the cases of TIEAs with Guernsey, Isle of Man and Gibraltar. The Multilateral Convention was also ratified after six years from the date of signing.

437. Türkiye has explained that since the 2013 Report, the TRA wrote a formal letter to the Ministry of Foreign Affairs indicating the necessity to expedite the ratification of international tax agreements. The Ministry of Foreign Affairs informed that it is cognisant of the need for early ratification. However, parliamentary procedure has taken time in the past. Furthermore, Türkiye has pointed out that there has been a major constitutional change due to the move from Parliamentary to the Presidential form of the executive. This delayed the ratification process of previously signed agreements as many internal procedures had to be reinitiated. Further, since 2019, the delays are largely attributable to the challenges posed by the pandemic that affected the normal functioning of the government and the parliamentary processes.

54. The main commission is the Foreign Affairs Commission, and the secondary commission is the Plan Budget Commission.

438. In terms of signed agreements that are not yet in force, the DTC with Côte d’Ivoire is one such agreement. It was signed in 2016 and was ratified by Türkiye in 2020. However, the DTC is yet to come into force because Côte d’Ivoire is yet to ratify the DTC. Since Côte d’Ivoire is not a party to the Multilateral Convention, there is currently no EOI mechanism in force between Türkiye and Côte d’Ivoire.

439. In respect of the negotiated DTC with Senegal, Türkiye indicated that after the initial agreement, some issues in translation were noted in the French and Turkish versions compared to the original negotiated text drafted in English. Accordingly, Türkiye and Senegal had to further negotiate certain outstanding points by way of exchanging diplomatic notes. While Senegal ratified the earlier agreed version of the DTC in 2020, Türkiye wanted to ensure the final text of the agreement is agreed before it is sent to the Parliament for the ratification process. Türkiye informed that very recently the text of the agreement has been finalised and the translated versions have been accepted. Türkiye expects the agreement with Senegal to be ratified soon although a clear timeline could not be proposed. However, this delay in the ratification of the DTC does not adversely affect the EOI relationship with Senegal as both are covered by the Multilateral Convention. Türkiye provided a similar explanation of issues in the translated text of the DTC with Palestinian Authority. In this case, the DTC had been signed in October 2018 but has not been ratified by Türkiye till date. The Palestinian Authority is not a Global Forum Member and not party to the Multilateral Convention.

440. Besides these, DTCs with Sierra Leone and Iraq were signed towards the end of 2020 and are yet to be ratified. The DTCs with Nigeria and Democratic Republic of Congo and a revised DTC with Korea were signed in late 2021, and the DTC with Sri Lanka in January 2022.

441. It is notable that since the 2013 Report, there has been limited success in ensuring that signed agreements are brought into force expeditiously. While the TRA sent a letter requesting the Ministry of Foreign Affairs to expedite the process of ratification, it is unclear what further efforts were made in this regard. The Ministry of Foreign Affairs indicated that they are cognisant of the necessity for expeditious ratification. However, no specific actions that have been taken to address this recommendation are noted and signed agreements continued to take a long time to come into force. With the Multilateral Convention coming into force, the time taken to bring signed agreements into force may have lesser impact going forward and would be limited to those partners who are not signatories of the Multilateral Convention. Nevertheless, **Türkiye is recommended to take all internal steps to bring all its EOI mechanisms into force expeditiously.**

EOI mechanisms

Total EOI relationships, including bilateral and multilateral or regional mechanisms	**173**
In force	157
In line with the standard	147
Not in line with the standard	10
Signed but not in force	16 (Benin, Burkina Faso, Gabon, Honduras, Madagascar, Papua New Guinea, Togo + 9 bilateral below)
In line with the standard	16
Not in line with the standard	0
Total bilateral EOI relationships not supplemented with multilateral or regional mechanisms	**28** *
In force	19
In line with the standard	9
Not in line with the standard	10
Signed but not in force	9 (Burundi, Cambodia, Côte d'Ivoire, Democratic Republic of Congo, Iraq, Palestinian Authority, Sierra Leone, Somalia, Sri Lanka)
In line with the standard	9
Not in line with the standard	0

* The 28 jurisdictions that have only a bilateral relationship with Türkiye are Algeria, Bangladesh, Belarus, Burundi, Cambodia, Chad, Côte d'Ivoire, Democratic Republic of the Congo, Egypt, Ethiopia, Gambia, Iran, Iraq, Kosovo, Kyrgyzstan, Palestinian Authority, Sierra Leone, Somalia, Sri Lanka, Sudan, Syrian Arab Republic, Tajikistan, Turkish Republic of Northern Cyprus, Turkmenistan, Uzbekistan, Venezuela, Viet Nam, Yemen

This list was provided by Türkiye and its reproduction here is without prejudice to the status of the listed territories under international law.

C.2. Exchange of information mechanisms with all relevant partners

> The jurisdiction's network of information exchange should cover all relevant partners, meaning those jurisdictions who are interested in entering into an information exchange arrangement.

442. As noted under Element C.1, Türkiye is a signatory of the Multilateral Convention which is in force since July 2018. Further, Türkiye has a network of 101 signed DTCs (of which 89 are in force) and 5 TIEAs (all of which are in force). These instruments together give Türkiye 173 EOI partners.

443. Türkiye indicated that only one Global Forum member had approached Türkiye with a request for renegotiating an existing DTC. The request is currently being examined. Türkiye has indicated that as part of the renegotiation, the relevant EOI article may also be renegotiated to ensure it is in line with the standard. This request for renegotiation was received in December 2019. However, the EOI relationship with the treaty partner is in place as both are parties to the Multilateral Convention. In response to call for peer inputs, no Global Forum members indicated that Türkiye had refused to negotiate an EOI mechanism with it.

444. Since the signing of the Multilateral Convention, Türkiye has not signed any further TIEAs and unless a prospective treaty partner is not a partner to the Multilateral Convention, Türkiye would not proceed with a TIEA. No such member of the Global Forum approached Türkiye with a request for TIEA during the review period.

445. As the standard ultimately requires that jurisdictions establish an EOI relationship up to the standard with all partners who are interested in entering into such relationship, Türkiye should continue to conclude EOI agreements with any new relevant partner who would so require (see Annex 1).

446. The conclusions are as follows:

Legal and Regulatory Framework: in place

The network of information exchange mechanisms of Türkiye covers all relevant partners.

Practical Implementation of the Standard: Compliant

The network of information exchange mechanisms of Türkiye covers all relevant partners.

C.3. Confidentiality

The jurisdiction's information exchange mechanisms should have adequate provisions to ensure the confidentiality of information received.

447. The 2013 Report had evaluated confidentiality aspects in respect of exchange of information and Türkiye had been rated Compliant with this element of the standard. The legal and regulatory framework remains the same and the new EOI mechanisms entered into by Türkiye since the 2013 Report provide for adequate confidentiality provisions in line with the standard.

448. In practice, Türkiye has extensive measures in place to ensure confidentiality of all exchanged information. All EOI staff are well-trained, experienced and cognisant about the aspects of confidentiality in their daily work. EOI requests are clearly marked as treaty protected and confidential. Physical and IT security aspects are in place. Dedicated policies govern various aspects of confidentiality. All exchanged information, including background documents like correspondence with other Competent Authorities, is treated as confidential.

449. During the review period, no instances of a breach of confidentiality were detected in respect of exchanged information. Furthers, peers have not raised any concerns in respect of confidentiality of exchanged information.

450. The conclusions are as follows:

Legal and Regulatory Framework: in place

No material deficiencies have been identified in the EOI mechanisms and legislation of Türkiye concerning confidentiality.

Practical Implementation of the Standard: Compliant

No material deficiencies have been identified and the confidentiality of information exchanged is effective.

C.3.1. Information received: disclosure, use and safeguards

451. The 2013 Report concluded that the legal and regulatory framework in respect of confidentiality was in place in Türkiye. All the bilateral EOI mechanisms in place at that time provided for confidentiality of all exchanged information in line with the standard. Further, Türkiye's domestic tax law was found to provide adequate provisions to ensure the confidentiality of all tax information and apply to all employees and third parties engaged by the TRA.

452. The domestic legal and regulatory framework in this regard remains unchanged and continues to provide for secrecy of all tax information. The new DTCs signed by Türkiye since the 2013 Report provide that all information exchanged pursuant to the EOI article must be treated as secret and protected by law in the same manner as information obtained under the domestic laws. Such information may only be disclosed to persons or authorities (including courts and administrative bodies) concerned with the assessment or collection of the enforcement or prosecution in respect of, or the determination of appeals in relation to the taxes covered by the Agreement. The Multilateral Convention, which entered into force from 1 July 2019, provides for similar confidentiality provisions.

453. Article 5 of the TPL provides for confidentiality of all tax information. This provision mandates that all tax officials, any judicial authorities, any experts employed for tax operations must not disclose any information that comes into their possession in the course of their work. This includes all employees of the TRA and TIB as well as any third-party contractors employed by the tax administration. Turkish authorities indicate that the obligation of confidentiality continues even after cessation of employment.

454. Türkiye can impose penalties for unauthorised disclosures of confidential information. The confidentiality provisions and the relevant penalties in domestic law do not draw a distinction between information obtained from domestic or international sources therefore those penalties cover also information exchanged with an EOI partner. Violation of confidentiality under Article 5 is punishable by imprisonment in accordance with the Turkish Criminal Code (Article 362 of the TPL). Article 239 of the Turkish Criminal Code provides for imprisonment from one to three years for any disclosure of confidential information to unauthorised persons. There are further penalties provided where disclosure is made to unauthorised foreigners as well as for situations where a person coerces to another to disclose such confidential information.

455. Furthermore, public servants who disclose confidential information are punishable in accordance with State Personnel Law and are barred from promotions for one to three years. Administrative sanctions including suspension and transfers are applicable during the pendency of investigations of confidentiality breaches.

456. In addition, personal data is protected under the Constitution. According to Article 20 of the Turkish Constitution, all individuals have right to request the protection of their personal data. This right includes being informed of, having access to and requesting the correction and deletion, if necessary, of their personal data kept under governmental registers and to be informed whether these are used in consistency with envisaged objectives. Personal data can be processed only in cases envisaged by law or with the individual's own consent. The principles and procedures regarding the protection of personal data are required to be laid down in a procedural law. Tax information, being personal in nature, is thus accorded highest protection.

457. The Terms of Reference, as amended in 2016, clarified that although it remains the rule that information exchanged cannot be used for purposes other than tax purposes, an exception applies where the EOI agreement provides that the information may be used for such other purposes under the laws of both contracting parties and the competent authority supplying the information authorises the use of information for purposes other than tax purposes. Almost all of Türkiye's DTCs provide for the use of exchanged

information only for tax purposes and do not explicitly provide that non-tax purpose use is permissible with the consent of the jurisdiction providing the information. However, the Multilateral Convention and the 5 TIEAs provide for this possibility.

458. International treaties are at par with the provisions of other domestic laws in Türkiye. There could be a situation where another domestic law might require the tax authorities to share tax information in their possession with a non-tax authority. For instance, Article 7 of the AML Law requires all governmental bodies to provide any requested information to MASAK. This would normally include TRA and TIB as well and the tax authorities would be obliged to provide all information to MASAK when requested. Turkish authorities have explained that the confidentiality provisions of the relevant international agreement will be followed in situations where exchanged information were to be internally requested for non-tax purposes, due to the status of parity of international agreements with domestic laws that is accorded by the Constitution. The TRA authorities indicated during the on-site visit that unless the treaty partner has authorised such sharing, they would not share any information even with MASAK. The provisions of the treaty are followed and sharing of information with other agencies is only in accordance with such treaty. The MASAK authorities did not contest the position of the TRA. Article 90 of the Turkish Constitution states that “international agreements duly put into effect bear the force of law”. No appeal to the Constitutional Court can be made with regard to these agreements, on the grounds that they are unconstitutional. The Turkish authorities confirmed that in view of this constitutional provision, Türkiye is bound by treaty restrictions and thus information cannot be provided to other authorities unless it is permitted to do so under the treaty with the consent of the supplying contracting State and such use is permitted under the domestic laws of both States. The Turkish authorities also confirmed that they treat information received under tax treaties as related to fundamental rights such as confidentiality of taxpayer data and thus prevail over domestic laws. Further, the Turkish authorities indicate that according to case law, specific provisions prevail over general ones (Constitutional Court of Republic of Türkiye 24 February 2014, no. 2014/41) and since information received under international treaties are more specific than AML law, they would prevail and thus TRA would not provide the information to AML authorities. Turkish authorities indicated that in the past they were requested by another Turkish public authority for information that the Competent Authority had received under a DTC. However, this request was declined as the relevant DTC did not permit the use of received information for non-tax purposes.

459. If the EOI instrument under which the information has been received permits such non-tax purpose use upon approval from the treaty partner, such permission will be sought. This position is also reflected in the EOI manual.

460. During the period under review, Türkiye reported that there were no requests where in the requesting partner sought Türkiye's consent to utilise the information for non-tax purposes and similarly Türkiye did not request its partners to use information received for non-tax purposes.

C.3.2. Confidentiality of other information

461. The confidentiality provisions in Türkiye's EOI agreements do not draw a distinction between information received in response to requests or information forming part of the requests themselves. As such, these provisions apply equally to all requests for such information, background documents to such requests, and any other document reflecting such information, including communications between the requesting and requested jurisdictions and communications within the tax authorities of either jurisdiction.

462. Turkish authorities do not share the request letter with any non-tax authority for collection of information. The EOI unit is the sole repository of all correspondence with other Competent Authorities. Where information needs to be collected with the help of the local TRA tax office or the TIB, required information from the request (but not the letter itself) is shared with the relevant officials. All these are tax authorities and their officials are bound by the confidentiality provisions.

463. In the 2013 Report, noting that the Competent Authority relied exclusively on the TIB for obtaining the requested information and would share the request letter with the TIB, a concern had been raised that forwarding the full request as received from foreign counterparts involves increased risks of information contained therein reaching unauthorised persons. An in-text recommendation to monitor this aspect of its procedure had been issued and has since been addressed. In this regard, the TRA has relied significantly less on the TIB for gathering information. Most incoming requests have been replied by the EOI unit through extensive use of the internal databases. Communication with the local tax offices have been through a secure document management system (KEYS) and with the TIB through the Electronic Document Management System for Tax Inspection Board (VDKBIS). Further, only the necessary information needed for gathering the information has been shared with the local tax office and TIB during the current review period.

464. Türkiye has a Freedom of Information Law for providing information to Turkish citizens. However, Article 23 of this law explicitly excludes disclosure to third parties of any commercial and fiscal information obtained from natural and legal persons. Turkish authorities indicate that all tax information would thus be outside the scope of this law. Further, taxpayers are only permitted to seek information in relation to their own Turkish tax situation and cannot do so in respect of another person. While seeking information

from the tax authorities, taxpayers must request for specific information in the possession of the tax authorities that pertain to them. They may inspect their tax files on specific aspects in the presence of the tax authorities.

Confidentiality in practice

465. Türkiye has put in place measures and policies in respect of human resources, physical security and IT security for ensuring confidentiality of all information.

466. The TRA carries out background checks on all new employees. All candidates are required to submit their criminal records proving that they have never been involved in a criminal offence. In the hiring process, TRA requests a detailed security clearance investigation from appropriate government authority about the persons who were accepted to the job before they start working. All officers accepted to public service are considered as candidates for the first couple of years of service. During this period, any doubts about their trustworthiness, attitude towards confidentiality, breach of faith and capability of keeping secrets may lead to non-confirmation of their service.

467. The EOI staff are aware of their confidentiality obligations. All new incoming staff are made aware of their confidentiality obligations during induction trainings. Further, all new staff must sign a confidentiality declaration before joining their duties. Upon departure, all their access rights are withdrawn and they are required to return all IT assets.

468. Cleaning and security staff deployed at the TRA are public servants and are similarly governed by confidentiality obligations. Contractual staff are not employed at the EOI unit. Nevertheless, TRA has worked with contractors in the process of developing IT systems for an electronic database. Contractors participating in this process were subject to confidentiality clause in all such contracts. ISO 27001:2013 Information Security Management Standard is applied while hiring contractors. Criminal records of employees of contractors are also required while evaluating contractors for hiring.

469. The EOI unit is housed in a physically secure building. Entry to the premises of the TRA is tightly controlled with multiple checks. Only authorised personnel with employee-specific smart access ID cards are permitted to enter the building and their access is recorded. Visitors have limited access to TRA premises. They are given a specific pass card and are accompanied by relevant officers. CCTV cameras are installed at appropriate places. The EOI unit is housed on the same floor in the building as other sections of the International Department of the TRA. However, the unit is physically separated from other sections. No outsiders are allowed beyond the security counter on the floor. All EOI files are kept in lockable

cabinets. The access to the EOI files is available to officials working in the EOI Section only. Clean desk and screen-lock policies are followed.

470. The EOI Section is generally paperless. Upon receiving any physical document, the same is immediately scanned and uploaded into the high security data management system of the Turkish Government (KEYS). Physical documents are either stored securely in dedicated cupboards or if they are not needed, are shredded. All printing is through centralised printers and print commands are logged. Specific policies for disposal and archiving of hard-copy documents also exist.

471. When the EOI section sends the request for information to the TIB, the cover letter includes a confidentiality warning and all letters and enclosures are stamped with confidentiality warning: "This information is furnished under the provisions of a tax treaty with a foreign government and is governed by tax confidentiality of that treaty and the provisions of Article 5 of TPL".

472. The EOI unit staff were earlier able to carry out their functions only from their official desktops. However, in light of the pandemic, official laptops with VPN access have been provided to the officials. Access to the office network is through multiple factor authentication. Under the Information Security Policy of the TRA specific policies apply for network access, user access management (including privileges), asset management, password management and external storage devices.

473. Turkish authorities have informed that there has never been any breach of confidentiality in respect of EOI. However, there have been instances of domestic tax confidentiality violations and suitable actions have been taken in all cases. In 2019, there were two such violations, six in 2020 and one in 2021. In each of these cases, administrative disciplinary proceedings were launched against the errant officials with immediate suspension in two cases where the breaches were considered significant. The breaches are at different stages of investigations. Besides administrative penalties, criminal prosecutions will also follow where officials are found culpable.

C.4. Rights and safeguards of taxpayers and third parties

> The information exchange mechanisms should respect the rights and safeguards of taxpayers and third parties.

474. Türkiye's DTCs and TIEAs contain the wording stating that the contracting parties are not obliged to provide information which would disclose any trade, business, industrial, commercial or professional secret or trade process, information subject to legal privilege, or information the disclosure of which would be contrary to public policy.

475. The 2013 Report had noted that the Turkish legal framework did not adequately define the scope of professional secrets and, as under Element B.1, the scope of attorney-client privilege was broad. Since DTCs provide for protection of professional secrets, this could have led to situations where the scope of attorney-client privilege exceeded that provided in the Commentary on Article 26(4) of the OECD Model DTC. Hence, Türkiye had been recommended to ensure that scope of attorney-client privilege afforded to professionals in tax matters be consistent with the standard.

476. Since then, Türkiye has amended the relevant provisions of the TPL to provide for an interpretation of attorney-client privilege in line with the standard. This matter has never caused any problem in the EOI practice as so far information has never been gathered from attorneys in this context.

477. The conclusions are as follows:

Legal and Regulatory Framework: in place

No material deficiencies have been identified in the information exchange mechanisms of Türkiye in respect of the rights and safeguards of taxpayers and third parties.

Practical Implementation of the Standard: Largely Compliant

No material deficiencies have been identified in respect of the rights and safeguards of taxpayers and third parties.

C.5. Requesting and providing information in an effective manner

The jurisdiction should request and provide information under its network of agreements in an effective manner.

478. Türkiye is an important partner for exchange of information on request. From 1 July 2018 to 30 June 2021, it received 672 requests for information from 43 EOI partners. In the years 2009 to 2011 Türkiye had received 518 requests from 37 partners.[55]

55. In the review period for the 2013 Report requests were counted based on the number of persons that were the subject of requests. However, in the current review period requests have been counted based on letters each letter being a separate request (one letter could involve requests regarding more than one person). Hence, the workload during the current review period was significantly more than at the time of the 2013 Report.

479. The 2013 Report had noted major issues with timeliness in providing responses. Peers were dissatisfied with the time taken by Türkiye to respond to requests. Türkiye had not provided responses to the requests received from treaty partners in a timely manner and where information could not be provided within 90 days, status updates were not provided. Türkiye had been recommended to ensure that the authorities establish appropriate internal procedures to be able to respond to EOI requests in a timely manner, and to provide a status update to the treaty partner when the information could not be provided within 90 days of receipt of the request.

480. Türkiye invariably relied on the process of in-depth tax audits to obtain the information requested by foreign competent authorities. The TIB invariably took about a year before the gathered information could be exchanged. Türkiye had been recommended to find appropriate mechanisms to obtain information from the information holder without procedural delays.

481. Türkiye has put in place a strategy for improved timeliness for gathering information and responding to requests. As a result, the timeliness of responding to incoming requests has improved substantially compared to the situation noted in the 2013 Report. Status updates have been provided far more often, although not always within 90 days. Furthermore, Türkiye has taken steps to gather information and share it with the treaty partner in stages to be as useful as possible to the partner. Very few cases have been referred to the TIB for full tax audits in the new review period. This has translated into more favourable peer inputs on effectiveness of Türkiye's exchange of information on request programme, especially from some of Türkiye's major exchange partners.

482. Despite these efforts, there remains room for improvement. Some peers have not received responses from Türkiye in a timely manner. A couple of peers have noted delays where accounting information and banking information was sought. Some peers found that the information was received after the investigations had been closed and hence, the information could not be used.

483. Türkiye has provided multiple reasons for the difficulties alluded to by the peers. However, the most evident is that Türkiye started putting in place and implementing its new strategy with some delay after the 2013 Report. First, Türkiye had to clear the past pendency of requests, most of which were pending with the TIB. The new ways of handling requests started very close to the beginning of the new review period. Before sufficient positive outcomes of the new strategy and measures could result, Türkiye was significantly impacted by pandemic-related reasons.

484. Türkiye has an organised EOI Section with experienced, trained and committed officials handling the work of exchange of information. However,

they have faced constraints during the review period. The pandemic disrupted the normal functioning of the EOI Section, but it also created some unforeseen resource constraints. Türkiye took some time to normalise the situation. In addition, some key officials of the EOI Section were engaged with getting Türkiye readied for automatic exchange of information during the initial part of the review period. Additional responsibilities affected the efficiency in respect of EOIR work. Further, for obtaining banking information, the EOI unit relied mainly on the IT Department of the TRA, which itself suffered from heavy workload in light of the implementation of automatic exchange of information and also in wake of the pandemic (see also section B.1.1 above).

485. Thus, the effectiveness of the new procedures was not able to be adequately demonstrated during the current review period, although some improvement in timeliness was observed. Türkiye is recommended to improve its internal working arrangements and to ensure that its EOI Section is sufficiently staffed to ensure effective exchange of information.

486. Peers have expressed concerns about non-provision of status updates on a systematic basis. Several peers have indicated that status updates were usually provided only when asked and not automatically. Some peers did not receive status updates despite reminders. Some peers have faced specific difficulties in communicating with the Turkish Competent Authority, especially through regular mail. These difficulties have been compounded during the Covid-19 pandemic.

487. Nevertheless, the dissatisfaction noted in some peer inputs is not solely attributable to pandemic-related issues and the associated delays. There have been issues in timely and proactive communication with some peers that has had a negative impact on satisfactorily responding to requests. Communication has been delayed or lacking, especially where clarifications were either sought from the peer or received from a peer. There have been instances where Türkiye did not provide a timely response to the peer's clarification, leaving the peer uncertain about whether Türkiye accepted its explanation or had a differing point of view. The treaty partner was not sure if its explanation had reached Türkiye's competent authority. Türkiye is recommended to ensure sufficient and timely communication with all treaty partners.

488. The conclusions are as follows:

Legal and Regulatory Framework

This element involves issues of practice. Accordingly, no determination has been made.

Practical Implementation of the Standard: Partially Compliant

Deficiencies identified/Underlying factor	Recommendations
Türkiye primarily relied on the banking information available with the Implementation and Data Management Department (IT Department) of the Turkish Revenue Administration to obtain and provide banking information. However, there were significant delays in this process due to the heavy workload of the Department. The Competent Authority did not have direct access to the database managed by the IT Department and always had to formally write to the Department to obtain banking information. There were procedural delays as well as delays at the end of the IT Department to send the requested information to the Competent Authority.	Türkiye is recommended to ensure that suitable internal working arrangements are in place to enable the Competent Authority to obtain and exchange banking information in a timely manner.
Türkiye did not provide status updates in all cases where it took more than 90 days to answer requests. Where status updates were provided, it was usually much later than 90 days and often when specifically requested by the requesting jurisdiction. Some peers faced significant difficulties in communicating with the Competent Authority as emails and letters remained unanswered. Where there was a difference in interpretation of the relevant provision of the EOI mechanism, Türkiye failed to provide a timely response to the peer explaining its position, leading to withdrawal of six requests by the treaty partner.	Türkiye is recommended to improve its communication with all treaty partners and to provide status updates to all treaty partners systematically where it is unable to provide a response to a request within 90 days.
Some key staff were engaged in the implementation of automatic exchange of information during the first part of the review period. Although Türkiye considers that its available staff strength is adequate for handling the workload of EOIR, during the review period there appear to have been resource constraints and significant workload for some staff.	Türkiye is recommended to evaluate the adequacy of available staff and resources to ensure that the exchange of information can be effective.

C.5.1. Timeliness of responses to requests for information

489. During the review period, Türkiye received 672 requests from its treaty partners while it sent them 94 requests for information. These requests covered 100 requests for ownership information (56 requests for legal ownership and 44 for beneficial ownership), 195 requests for accounting information, 144 requests for banking information and 405 requests for other types of information. Of these, approximately 30% of the requests pertained to legal entities like companies (mostly limited companies and joint-stock companies), while 70% of the requests pertained to individual taxpayers.

490. Germany, Belgium, France and the United Kingdom were the four exchange partners for Türkiye from which the highest number of requests were received. Germany alone accounted for about a third of all requests received by Türkiye.

491. The following table relates to the requests received during the period under review and gives an overview of response times of Türkiye in providing a final response to these requests, together with a summary of other relevant factors affecting the effectiveness of Türkiye's practice during the period reviewed.

Statistics on response time and other relevant factors

			1 July 2018-30 June 2019		1 July 2019-30 June 2020		1 July 2020-30 June 2021		Total	
			Num.	%	Num.	%	Num.	%	Num.	%
Total number of requests received		[A+B+C+D+E]	194	100	204	100	274	100	672	100
Full response:	≤ 90 days		72	37.1	67	32.8	120	43.8	259	38.5
	≤ 180 days (cumulative)		94	48.5	91	44.6	166	60.6	351	52.2
	≤ 1 year (cumulative)	[A]	125	64.4	124	60.8	210	76.6	459	68.3
	> 1 year	[B]	57	29.4	65	31.9	47	17.2	169	25.1
Declined for valid reasons			19	8.8	3	0	14	2.2	36	5.4
Outstanding cases after 90 days			110	100	122	100	137	100	369	100
Status update provided within 90 days (for outstanding cases with information not provided within 90 days, responses provided > 90 days)			52	47.3	81	66.4	113	82.5	246	66.7
Requests withdrawn by requesting jurisdiction		[C]	8	4.1	5	2.5	4	0.7	17	2.5
Failure to obtain and provide information requested		[D]	1	0.5	4	2	2	0.7	7	1
Requests still pending at date of review		[E]	3	1.6	6	2.9	11	4.0	20	3

Notes: Türkiye counts each request with multiple taxpayers as one request, i.e. if a partner jurisdiction is requesting information about 4 persons in one request, Türkiye counts that as 1 request. If Türkiye received a further request for information that relates to a previous request, with the original request still active, Türkiye will append the additional request to the original and continue to count it as the same request.

The time periods in this table are counted from the date of receipt of the request to the date on which the final and complete response was issued.

492. During the review period, Türkiye was able to respond to about 38% of the requests within 90 days of receiving the request and provide a full response. Compared to the 2013 Report, this is a marked improvement where less than 6% of the requests were responded to within 90 days. Most of these requests were requests on individual taxpayers or requests where information other than accounting information had been requested. The EOI unit relied on the databases available within the TRA to access and provide the requested information. Legal ownership information, addresses, tax information, and tax residency status were provided fairly quickly.

493. As can be seen from the table, a little more than 50% of the requests were answered within 180 days. Compared to the situation in 2013 Report, when this category reached just about 10%, this is a significant improvement. Requests where information could not be provided within 180 days typically involved requests that were complex, i.e. where information on multiple entities or arrangements was sought, requests that sought a lot of background documents, or where accounting information was requested. In respect of such requests, the Competent Authority has had to collect such information either through specific audits by the local tax offices or by the TIB. These requests have generally taken longer (see discussion under B.1.2).

494. Banking information in several cases has also taken longer to gather. Türkiye has informed that to obtain banking information, the EOI unit typically relies on the Implementation and Data Management Department (IT Department) and obtains the information via the Secure Document Management System (KEYS). Due to the secure nature of banking information, the EOI Section does not have direct access to this data and must always place a request with the IT Department; a specific request signed by the Head of the Group has to be sent to the IT Department. Türkiye has pointed to the heavy workload of the IT Department especially in the context of the increased work of this Department due to the pandemic which necessitated putting in place teleworking infrastructure for the TRA. Türkiye has informed that it is considering putting in place a secure database system for banking information to which the EOI unit would have ready access. This will be done after ensuring that all necessary security measures are in place. As noted under Element B.1, despite adequate access powers, Türkiye did not use them to obtain banking information directly from banks when there were significant delays in receiving the same from the IT Department. This resulted in delays in obtaining and providing banking information to requesting treaty partners.

495. Further, it cannot be ruled out that there were internal procedural delays in sending requests to the IT Department by the EOI unit and following up with them in respect of banking information. For instance, it is unclear from the explanations provided by the Turkish authorities in terms of how long it took to transmit the request for banking information from the

EOI unit to the IT Department and if there were regular follow-ups with the IT Department to obtain the requested information.

496. **Türkiye is recommended to ensure that suitable internal working arrangements within the Turkish Revenue Administration are in place to enable the Competent Authority to obtain and exchange banking information in a timely manner.**

497. There were long response times also in cases where bank account opening documentation had been requested. In such cases, the Competent Authority has had to obtain the information from the relevant bank as such information is not available with the IT Department. Where the requests pertain to old accounts, banks typically retrieve such information manually and that has taken some time. Further, Türkiye has indicated that such requests often involved multiple bank accounts and multiple years and this took longer to obtain.

Clarifications

498. Another aspect of complex requests has been clarifications. In respect of complex requests, clarifications have often been sought for more background information to facilitate the local tax offices and TIB carrying out the necessary audit.

499. In some cases, clarifications have been needed for better identification of the subject of the request. Türkiye has had to seek clarifications in about 20% of all cases, i.e. in about 135 cases over the review period. Türkiye has explained that need for clarifications often arises in the case of individuals. Given that Türkiye has many individuals sharing the same name (first and last names), there is often a need for further indicia and any further information from the treaty partner that can help identify the subject.

500. Peers had noted in the context of the 2013 Report that some clarifications caused delay in EOI (clarifications concerning the origin of the enquiry, intent and tax issues, explanation of the case, the reasons and suspicion that gave rise to the request). Compared to 2013, notably given limited reliance on TIB, the number of requests in which clarifications had to be sought has come down significantly.

501. One peer has indicated that it was requested for the same clarification twice with significant delay. This correspondence was through normal mail and Türkiye has not been able to identify whether it received the treaty partner’s response to its earlier clarification. Overall, although clarifications are sought by Türkiye, they have not been excessive and have generally been meant for better identification of the subject of the request.

502. Requests for accounting information have also usually taken longer than other requests. Nevertheless, some measures taken by the Competent

Authority have led to an improvement in this regard compared to situation at the time of the 2013 Report. Accounting information needs to be collected from the taxpayer and hence, the local tax offices of the TRA or the TIB are involved. Unlike in the first round of review, when there was excessive reliance on TIB for obtaining all types of information, during the current review period less than 1% of the cases were referred to the TIB (against 90% in the 2013 Report). Under the updated Regulation, TIB officials are required to prioritise cases pertaining to EOI requests and are expected to complete the investigations for obtaining information within 60 days failing which they must seek an extension from their supervisors.

503. Further, the Competent Authority has engaged its local tax offices to carry out simple audit procedures for obtaining information from taxpayers. As discussed under element B.1.2, there were potential delays in timely follow-up with the local tax offices and ensuring that the authorities used their access powers in a timely manner.

504. Türkiye has informed that during the review period, challenges created by the pandemic have been instrumental in delays in several cases, including in requests for accounting records. Türkiye went into a lockdown in March 2020. Prior to the lockdown more vulnerable staff had already been directed to home quarantine. One of the key and among the most experienced staff of the EOI unit had to be transferred out on health grounds as the official was not in a position to attend office physically. The new official took some time to settle into the new role. Furthermore, due to the lockdown, teleworking arrangements had to be put into place. At the time of the lockdown, only the Head of the Department and the Head of the Group had individual official laptops with the ability to telework through remote access. For the EOI staff, physical presence in the office was necessary as at the time of the initial lockdown, the EOI staff did not have remote access or teleworking arrangements. The IT infrastructure and individual laptops were provided to staff and the EOI unit was operational again only from July 2020, i.e. four months later. Attendance to offices could not resume to normal till about April 2021. However, even as arrangements were put in place in the EOI units, it took longer for similar arrangements at the local tax offices that were conducting audits.

505. Local tax offices faced difficulties in gathering information as taxpayers and their representatives could not always make timely submissions or ensure their presence at the tax offices to co-operate with the inquiries. Significant postal delays also contributed to the delays in gathering information. Türkiye has indicated that several pending cases from 2019, which would have been completed much earlier got delayed by at least six to eight months due to these challenges. Türkiye has informed that as things have normalised, the EOI unit has been able to complete and finalise several cases.

Failures, declined and withdrawn requests

506. Türkiye has reported that in 7 cases, i.e. about 1% of the cases, the competent authority was not able to obtain and provide the requested information. Türkiye has explained that there was case-specific reasons for failures in each of these cases. However, generally the issue pertained to not being able to locate the subject of the request in Türkiye. For instance, the subject of the request had left Türkiye or had passed away and there was no further contact information available (updated details of address not reflected in the databases or information on heirs) with the authorities to obtain the requested information. Türkiye has indicated that, nevertheless, it communicated the failure to the treaty partner indicating that the person's details are not available with the authorities.

507. Türkiye declined 36 other requests during the review period. These requests were declined as they failed to meet the foreseeable relevance criteria. Türkiye has informed that in these requests, either there was no background information to the request, the information provided was insufficient, or the time period or the scope of the request was not covered by the relevant EOI mechanism. Türkiye has explained that the most common reason was the inability to identify the subject of the request due to minor mistakes in the identity information provided by the requesting jurisdiction. Unless further indicia or other details about the subject are available, it becomes challenging to correctly identify the relevant person – 13 of these 36 cases pertained to individuals who could not be identified. Address information, legal heirs, banking information and real estate details had been sought in these cases. Due to the inability to suitably identify the individuals, information could not be obtained and provided. Türkiye informed the treaty partner seeking more information on the subject of the request for better identification. In the absence of further information, these requests were closed, keeping the treaty partner informed that Türkiye could only decline answering the request as information was provided was insufficient to identify the concerned individual. None of the requests were declined outrightly. In all cases, Türkiye sought further information from the treaty partner to establish the foreseeable relevance of the request. Where further details could not be provided to establish the foreseeable relevance, requests were declined indicating to the partner that the request has not been considered foreseeably relevant and the reasons for this view.

508. Treaty partners withdrew 17 requests. Of these three were withdrawn within a few months of the request, another four were withdrawn within just over a year, while the rest were withdrawn as they were pending for more than two years. Of these, seven requests were from the same treaty partner that withdrew six requests together and one separately. There was a difference in interpretation of the provisions of the Multilateral Convention in

respect of these six requests. As discussed in paragraph 510 below, there was a significant delay from Türkiye in responding to the treaty partner that had provided its position on the interpretation of the relevant articles although Türkiye provided the requested information for the period it believed was covered by the EOI mechanism. However, this information was provided with significant delay. The treaty partner submitted its position to Türkiye on the interpretation of the treaty. However, Türkiye did not respond to this position in a timely manner. In the absence of timely communication from Türkiye, the treaty partner withdrew these six requests.

509. Of the 672 requests received during the review period, 20 were still pending by the cut-off date. All these requests were pending as Turkish authorities continue to wait for response to clarifications from the treaty partners. Some of these requests have been pending since the first year of the review period as Türkiye continues to wait for the treaty partner's response. Very recently, Türkiye has sent reminders to the treaty partner for the pending clarifications and indicated that the requests will be closed if a response is not received.

Status updates and communication with partners

510. Türkiye's communication with treaty partners was not always proactive and smooth. During the initial part of the peer review period, Türkiye mainly relied on postal mail for communication although there was some electronic communication as well. However, due to the adjustments made for working during the pandemic, secure electronic email has become the main means of communication with treaty partners. Peers have expressed somewhat differing views on the ease and extent of communication with Türkiye. Some peers were satisfied with the level and ease of communication with Türkiye. With most of these peers, Türkiye has had long-standing exchange relationships. However, some other peers have expressed specific concerns in relation to the communication with the Turkish Competent Authority. One peer has indicated that out of the eight requests that it sent to Türkiye during the review period, partial responses were received in only two cases and all the requests were ultimately withdrawn. The peer has noted that communicating electronically has not been easy during the review period. Although requests were sent electronically in two cases, they were sent by postal mail as well. The peer indicated that reminder emails sent in most cases did not result in a reply or provision of a status update. In two cases partial information on ownership of the entities concerned was received after significant delay. In six cases, Türkiye indicated that the period to which the requested information was sought under the Multilateral Convention was not covered based on the date of entry into force. Türkiye indicated providing all information for the three month period covered by the Multilateral Convention, but not for the earlier period. The peer provided its interpretation and explanation

in this regard. However, for several months no response was received from Türkiye. The peer ultimately withdrew all the eight requests.

511. Another peer sent three requests and reported extensive difficulties in contacting the Turkish Competent Authority and receiving responses. In one request sent in 2018, no response was received till February 2021. In the interim, a request for status update remained unanswered. Further, the reply was sent to another Competent Authority of the treaty partner instead of the Competent Authority that had originally sent the request. This led to further delay in the receipt of information. Türkiye has explained that the EOI unit was unsure if the request had come from the correct Competent Authority. Türkiye indicated checking on the Global Forum secure Competent Authority database as well. Türkiye maintains that based on the available lists of Competent Authorities on the secure database, it was not able to establish whether the correct official had signed the request letters. However, the peer has informed that all the details of the relevant Competent Authorities were always available on the database and were kept updated. Türkiye was not clear on how EOIR is handled in the requesting jurisdiction. Türkiye has reported that it had sought clarifications, but the Competent Authority that had actually sent the request did not receive such clarification request as Türkiye directed its correspondence to the other Competent Authority (which is a separate organisation).

512. Several peers have noted that status updates have not been provided when the response to a request took more than 90 days. While some peers have noted that status updates were received in some cases, this has usually been when Türkiye sent partial responses indicating that the remaining information is being gathered and will be sent once available. Notably, peers that have sent very few requests to Türkiye have indicated that they did not receive status updates. Some have expressed particular concern that given the time taken by Türkiye to provide full responses, they would have benefitted by more frequent communication with Türkiye on the status of their requests. Türkiye's biggest treaty partner, that accounts for about a third of all requests received by Türkiye, has indicated that since January 2021, acknowledgements are being received more systematically as correspondence with Türkiye is now through encrypted emails and since a password is needed, acknowledgement of receipt is being systematically received, although in the past, acknowledgements were never received.

513. Turkish authorities have indicated that while they have not provided status updates systematically in all cases where the request could not be answered within 90 days, while providing partial replies, they considered that as a status update, and this was acknowledged by some peers. Turkish authorities believe that not all the treaty partners might have seen that as a status update when providing their inputs.

514. The standard requires that where a jurisdiction is unable to provide information within 90 days, it should send a status update to the requesting jurisdiction. Türkiye may have provided partial response in some cases after 90 days and may have considered that as a status update. However, this depends on what was communicated to the treaty partner. It is not clear if with every partial response, Türkiye indicated that it is still working on the rest of the request and will be providing pending information. Be that as it may, there is room for improvement in providing systematic and timely status updates. Where a full or partial response to the request cannot be provided within 90 days, a status update must be provided to the peers indicating the progress on the request. Such updates should be provided regularly after every 90 days till the request has been fully answered.

515. Türkiye has indicated that they have recently developed a new case management system (under pilot testing) which will help the EOI unit keep a closer track of open requests and the associated timeline to provide status updates systematically.

516. In view of the discussion above in respect of overall communication with treaty partners and on providing status updates, **Türkiye is recommended to improve its communication with all treaty partners and to provide status updates to all treaty partners systematically where it is unable to provide a full response to a request within 90 days**.

C.5.2. Organisational processes and resources

Organisation of the competent authority

517. The office of the Competent Authority for EOI is headed by the Head of International Department of the TRA. The Head of Department is assisted by two Heads of Group. Of these two Heads of Groups, one is in charge of International Exchange of Information Section (besides three other sections). The Head of the International Department of the TRA and the Head of the Group for EOI are the Competent Authorities for the purposes of EOI and handle all EOI matters within the TRA. The Head of the Group for EOI is supported by an EOI Section Manager who manages the EOI section.

Resources and training

518. The EOI section comprises ten staff including the EOI Section Manager. There are two state revenue experts, six revenue experts and two other staff who, inter alia, perform the role of translators. EOI requests are handled by nine out of these ten staff. Some of the staff in the EOI section is fairly experienced with at least three staff having more than ten years

of experience working in EOI at different levels. All staff have attended at least one training on EOIR or beneficial ownership organised by the Global Forum Secretariat. EOI staff have ready access to the EOI manual and OECD Commentary on Article 26. Türkiye has indicated having plans for further in-house trainings for all EOI staff.

519. During the review period, the EOI section has relied on databases available to it to obtain and provide as much information as possible (see Element B.1). The EOI Section does not have the authority to conduct audits on its own and must seek the support of local tax offices of the TRA or of the TIB for obtaining accounting information or information that is not obtainable from the databases. There are 30 Local Tax Office Directorates in Türkiye with a further 1 045 tax offices. The TIB has 22 offices across the 9 biggest cities of Türkiye and 8 500 tax inspectors work for the TIB.

520. The EOI section is well equipped with necessary IT infrastructure. As a result of the pandemic, in order to facilitate remote working, all staff of the EOI section received laptops with VPN access.

521. During the first half of the review period, at least a couple of staff were engaged in assisting the implementation of automatic exchange of information. At the onset of the pandemic, the unavailability of a key staff member resulted in difficulties in managing the ongoing work of the EOI section. Cases had to be reassigned to other team members who had to take on work over and above their existing workload.

522. Translation is an important step in the overall EOIR process for Türkiye. Both incoming and outgoing requests together with all the exchanged information are translated between English and Turkish. Both translators are public officials and have more than five years of experience in the unit. Turkish authorities have indicated that translation does not take too long and since most staff in the EOI unit are competent to carry out tasks in English, they are able to handle regular translations themselves. It is unclear though if there is an established internal time-limit within which translations have to be completed (please also see paragraphs 531 and 532).

523. Although Türkiye considers that its available staff strength is adequate for handling the workload of EOIR, during the review period there appear to have been resource constraints and significant workload for some staff. Türkiye has indicated that post on-site the EOI unit is being reorganised. It has been divided into two sections, each of which will be headed by an EOI Section Manager. Further, the TRA has initiated plans for recruitment for the EOI team and is expecting to hire four additional personnel shortly. **Türkiye is recommended to evaluate the adequacy of available staff and resources to ensure that the exchange of information can be effective.**

Incoming requests

524. Türkiye has a detailed and established procedure for receiving, handling and responding to all incoming requests. The procedure is detailed in the EOI manual.

Competent authority's handling of the request

525. All incoming requests are received at the Competent Authority office. Requests that are received through mail are transferred to the EOI section on the same day. The physical mails are barcoded with a number, scanned and uploaded to the secure document management system of the TRA (KEYS). Upon registration, the physical request letter is passed to the EOI Section Manager who assigns the request to one of the nine staff of the section.

526. EOI requests received through email are forwarded to the EOI Section Manager on the same day. Such requests would be received directly in the email of the Head of Group. These requests are forwarded to the EOI Section Manager who proceeds to get them registered in the KEYS and allocates the request to a suitable staff.

527. All received requests and other documents are stamped by a clearly visible "confidential" stamp.

528. The EOI manual requires that all new requests must be acknowledged within seven days of receipt. However, in practice, such acknowledgements were not always sent during the review period. The practice has been followed more towards the later half of the review period and especially in relation to email-based requests. With its biggest EOI partner, this practice has been adopted also because the password to decrypt the received request can be received once Türkiye acknowledges the receipt of the request to the treaty partner.

529. Türkiye has an EOI tracking tool. Entries and tracking the timeline of handling the request is manual. After the review period, Türkiye has been working on developing a more automated case management system which was reported to being tested for deployment. Türkiye expects to move to the new case management system shortly.

530. Once the EOI case officer has received a request, the request is examined for relevance and completeness – appropriate legal basis and EOI mechanism for the request, details of the foreign competent authority, periods covered by the request, and background information provided for foreseeable relevance. Where clarifications are needed or the request is incomplete in some aspects, such clarifications are required to be sought within 60 days.

531. Once the request has been accepted as foreseeably relevant, the EOI case officer is expected to work on the request. If the requested information can be gathered from the internal database of the TRA or from the other available databases that the EOI unit has access to, the EOI officer is expected to gather and provide the requested information within 90 days. This includes the time that is needed for any translation of the information obtained into English.

532. Where the information must be gathered from the taxpayer or a third-party information holder, the EOI manual recommends a timeframe of 180 days to answer the request, including the time needed for translation of documents. The EOI case officer needs to engage with the local tax offices or with the TIB. A request for obtaining and providing the information to the EOI Section is prepared. The background information and the requested information in the request is translated into Turkish and a letter signed by the Head of the Group is sent to the relevant Local Tax Office of the TRA. Where the information needs the intervention of the TIB, the letter is signed by the Head of the International Department.

533. As noted under Element B.1 and section C.5.1, banking information is often obtained from the IT Department. In such cases, the Head of the Group sends a letter under his/her signature requesting for the banking information to the IT Department.

534. The EOI officer is expected to monitor the status of the request and seek updates from the Local Tax Offices, the TIB and the IT Department on the status of their enquiries from time to time.

535. Since the 2013 Report, the "Regulation on the Principles and Procedures to be followed in Tax Investigations" which is referred to by the TIB inspectors has been updated to require that EOI-related cases should be prioritised and completed within two months of receiving the request for information. If the enquiries cannot be completed, extension from the supervisory authority must be sought explaining why more time is needed. Equivalent measures have not been taken for the local tax offices of the TRA and the IT Department, which may have contributed to some of the delays in responding to requests.

Verification of the information gathered

536. The EOI officer carries out a check on all the gathered information. For information obtained from the databases, the check is to ensure that all requested information has been gathered. For information that is received from the local tax offices or the TIB, such information has been obtained as a result of a tax audit and has been verified. The EOI officer carries out basic checks to ensure the accuracy of the translations and completeness of the gathered information.

Practical difficulties experienced in obtaining the requested information

537. Where the requested information is available on the databases that the EOI section has access to, there have not been any specific difficulties encountered in practice. Information pertaining to legal ownership, identity, addresses, tax residency, tax returns, taxes paid, and movable and immovable assets is generally available on the tax database of the TRA. Since August 2021, the beneficial ownership information database has also become available for obtaining beneficial ownership information on all legal entities and arrangements obliged to comply with Communiqué No. 529.

538. In respect of information that had to be obtained from local tax offices and the TIB, and the IT Department in respect of banking information, there have been practical difficulties mainly in the latter part of the review period. As noted in paragraph 504, the pandemic resulted in important difficulties in gathering information which translated into delays in obtaining and providing information. As the pandemic situation has improved, Türkiye has been able to provide the gathered information in many cases recently.

Outgoing requests

539. Türkiye relies on outgoing EOI requests for its own tax investigations. During the review period, Türkiye sent 94 requests for information. All outgoing requests arose from the investigations carried out by the TIB. The tax inspectors route their requests to the Competent Authority through their supervisory authorities. The Head of the Department forwards these requests to the Head of the Group who forwards them to the EOI Section Manager who is responsible for assigning the requests to the relevant EOI case officers based on experience and availability. The EOI case officer reviews the request for foreseeable relevance and if there are deficiencies in background information, the case officer liaises directly with the case officer. Once the case officer is satisfied with the adequacy and foreseeable relevance of the outgoing request, the request is submitted for translation. The finalised translated request is submitted to the Head of Group or the Head of the Department (both being Competent Authorities) for sending to the appropriate treaty partner(s).

540. Peers have been generally satisfied with the quality of requests sent by Türkiye and found them to be generally foreseeably relevant. In a few cases clarifications were requested by the peers, which were provided without significant delay by Türkiye.

541. Upon receiving the requested information, the EOI section forwards the received information securely and indicating the treaty nature of the received information to the tax inspectors concerned. Such information is kept securely within the EOI section.

C.5.3. Unreasonable, disproportionate or unduly restrictive conditions for EOI

542. There are no legal or practical requirements in Türkiye that impose unreasonable, disproportionate or unduly restrictive conditions for EOI.

Annex 1: List of in-text recommendations

The Global Forum may identify issues that have not had and are unlikely in the current circumstances to have more than a negligible impact on EOIR in practice. Nevertheless, the circumstances may change, and the relevance of the issue may increase. In these cases, a recommendation may be made; however, it should not be placed in the same box as more substantive recommendations. Rather, these recommendations can be stated in the text of the report. A list of such recommendations is reproduced below for convenience.

- **Element A.1.1** (see paragraph 112): Türkiye should take measures to ensure that legal ownership information on inactive companies is always available in line with the standard.
- **Element A.1.1, Element A.1.3 and Other entities** (see paragraphs 121, 189, 237 and 244): Since the Communiqué N°. 529 applies to all AML-obliged persons as well (as it requires them to report beneficial ownership information when requested by the TRA), the Tax Law requirements would ensure that beneficial owners are identified in line with the standard. However, since these clarifications under Circular dated 5 September 2022 are very recent, Türkiye should monitor that AML-obliged persons apply the definition of beneficial ownership correctly.
- **Element A.1.1, Element A.1.3 and Other entities** (see paragraph 150, 189, 237 and 244): Türkiye should also suitably assist legal entities and arrangements that are obliged to provide beneficial ownership information to the beneficial ownership register to ensure that they are able to accurately and consistently identify their beneficial owners and are able to take necessary actions in situations where the beneficial owner might not co-operate with the entity to update beneficial ownership information.
- **Element A.1.1** (see paragraph 156): Türkiye should continue to strengthen the inter-agency supervisory framework for AML supervision to ensure a common understanding of AML obligations and beneficial ownership requirements among all stakeholders.

- **Element A.1.3** (see paragraph 195): Türkiye should monitor compliance relating to registration by partnerships with the Trade Registry and specify fines for non-registration or violations of provisions concerning registration of changed Articles of Association
- **Element A.2** (see paragraph 296): Türkiye should monitor inactive companies to ensure that accounting information on all companies is always available in line with the standard.
- **Element A.3** (see paragraph 317): The recent Circular dated 5 September 2022 in relation to Communiqué No. 529 on Beneficial Ownership Register has clarified certain aspects of the definition of beneficial owner. Since, the Communiqué is applicable for AML-obliged persons, the guidance provided by the Circular should address the unclear aspects of the beneficial ownership definition. Since this Circular has been issued very recently, Türkiye should monitor that banks identify beneficial owners of the accounts held with them in line with the standard
- **Element C.2** (see paragraph 445): Türkiye should continue to conclude EOI agreements with any new relevant partner who would so require.

Annex 2: List of Türkiye's EOI mechanisms

Bilateral international agreements for the exchange of information[56]

	EOI partner	Type of agreement	Signature	Entry into force
1	Albania	DTC	4 Apr 1994	26 Dec 1996
2	Algeria	DTC	2 Aug 1994	30 Dec 1996
3	Argentina	DTC	01 Dec 2018	Not in force
4	Australia	DTC	28 Apr 2010	05 Jun 2013
5	Austria	DTC	28 Mar 2008	1 Oct 2009
6	Azerbaijan	DTC	9 Feb 1994	1 Sep 1997
7	Bahrain	DTC	14 Nov 2005	2 Sep 2007
8	Bangladesh	DTC	31 Oct 1999	23 Dec 2003
9	Belarus	DTC	24 Jul 1996	29 Apr 1998
10	Belgium	DTC Protocol	2 Jun 1987 9 Jul 2013	8 Oct 1991 3 Aug 2018
11	Bermuda	TIEA	23 Jan 2012	18 Sep 2013
12	Bosnia and Herzegovina	DTC	16 Feb 2005	18 Sep 2008
13	Brazil	DTC	16 Dec 2010	09 Oct 2012
14	Bulgaria	DTC	7 Jul 1994	17 Sep 1997
15	Burundi	DTC	11 Mar 2022	Not in force
16	Cambodia	DTC	22 Feb 2022	Not in force
17	Canada	DTC	14 Jul 2009	4 May 2011
18	Chad	DTC	26 Dec 2017	20 Oct 2021
19	China (People's Republic of)	DTC	23 May 1995	20 Jan 1997

56. This list was provided by Türkiye and its reproduction here is without prejudice to the status of the listed territories under international law.

	EOI partner	Type of agreement	Signature	Entry into force
20	Côte d'Ivoire	DTC	29 Feb 2016	Not in force
21	Croatia	DTC	22 Sep 1997	18 May 2000
22	Czech Republic	DTC	12 Nov 1999	16 Dec 2003
23	Democratic Republic of the Congo	DTC	07 Sep 2021	Not in force
24	Denmark	DTC	30 May 1991	20 Jun 1993
25	Egypt	DTC	25 Dec 1993	31 Dec 1996
26	Estonia	DTC	25 Aug 2003	21 Feb 2005
27	Ethiopia	DTC	2 Mar 2005	14 Aug 2007
28	Finland	DTC	06 Oct 2009	04 May 2012
29	France	DTC	18 Feb 1987	1 Jul 1989
30	Gambia	DTC	11 Feb 2014	26 Jan 2018
31	Georgia	DTC	21 Nov 2007	15 Feb 2010
32	Germany	DTC	19 Sep 2011	1 Aug 2012
33	Gibraltar	TIEA	04 Dec 2012	15 Feb 2018
34	Greece	DTC	2 Dec 2003	5 Mar 2004
35	Guernsey	TIEA	13 Mar 2012	06 Oct 2017
36	Hungary	DTC	10 Mar 1993	9 Nov 1995
37	India	DTC	31 Jan 1995	30 Dec 1996
38	Indonesia	DTC	25 Feb 1997	6 Mar 2000
39	Iran	DTC	17 Jun 2002	27 Feb 2005
40	Iraq	DTC	17 Dec 2020	Not in force
41	Ireland	DTC	24 Oct 2008	18 Aug 2010
42	Isle of Man	TIEA	21 Sep 2012	07 Oct 2017
43	Israel	DTC	14 Mar 1996	1 Jan 1999
44	Italy	DTC	27 Jul 1990	1 Dec 1993
45	Japan	DTC	8 Mar 1993	28 Dec 1994
46	Jersey	TIEA	24 Nov 2010	11 Sep 2013
47	Jordan	DTC	6 Jun 1985	3 Dec 1986
48	Kazakhstan	DTC	15 Aug 1995	18 Nov 1996
49	Korea	DTC DTC (revised)	24 Dec 1983 22 Oct 2021	25 Mar 1986 Not in force
50	Kosovo	DTC	10 Sep 2012	15 Oct 2015
51	Kuwait	DTC Protocol	10 Sep 2012 14 Sep 2017	13 Dec 1999 10 Nov 2021

	EOI partner	Type of agreement	Signature	Entry into force
52	Kyrgyzstan	DTC	1 Jul 1999	20 Dec 2001
53	Latvia	DTC	3 Jun 1999	23 Dec 2003
54	Lebanon	DTC	12 May 2004	21 Aug 2006
55	Lithuania	DTC	24 Nov 1998	17 May 2000
56	Luxembourg	DTC Protocol	9 Jun 2003 30 Sep 2009	18 Jan 2005 14 Jul 2011
57	Malaysia	DTC Protocol	27 Sep 1994 17 Feb 2010	31 Dec 1996 25 Dec 2013
58	Malta	DTC	14 Jul 2011	13 Jun 2013
59	Mexico	DTC	17 Dec 2013	23 Jul 2015
60	Moldova	DTC	25 Jun 1998	28 Jul 2010
61	Mongolia	DTC	12 Sep 1995	30 Dec 1996
62	Montenegro	DTC	12 Oct 2005	10 Aug 2007
63	Morocco	DTC	7 Apr 2004	18 Jul 2006
64	Netherlands	DTC	27 Mar 1986	30 Sep 1988
65	New Zealand	DTC	22 Apr 2010	28 Jul 2011
66	Nigeria	DTC	20 Oct 2021	Not in force
67	North Macedonia	DTC	16 Jun 1995	28 Nov 1996
68	Norway	DTC	15 Jan 2010	15 Jun 2011
69	Oman	DTC	31 May 2006	15 Mar 2010
70	Pakistan	DTC	14 Nov 1985	8 Aug 1988
71	Palestinian Authority	DTC	25 Oct 2018	Not in force
72	Philippines	DTC	18 Mar 2009	11 Jan 2016
73	Poland	DTC	3 Nov 1983	1 Apr 1997
74	Portugal	DTC	11 May 2005	18 Dec 2006
75	Qatar	DTC DTC (revised)	25 Dec 2001 18 Dec 2016	11 Feb 2008 31 Dec 2018
76	Romania	DTC	1 Jul 1986	15 Sep 1988
77	Russia	DTC	15 Dec 1997	31 Dec 1999
78	Rwanda	DTC	01 Dec 2018	21 Oct 2020
79	Saudi Arabia	DTC	9 Nov 2007	1 Apr 2009
80	Senegal	DTC	14 Nov 2015	Not in force
81	Serbia	DTC	12 Oct 2005	10 Aug 2007
82	Sierra Leone	DTC	03 Nov 2020	Not in force

	EOI partner	Type of agreement	Signature	Entry into force
83	Singapore	DTC Protocol	9 Jul 1999 5 Mar 2012	27 Aug 2001 7 Aug 2013
84	Slovak Republic	DTC	2 Apr 1997	2 Dec 1999
85	Slovenia	DTC	19 Apr 2001	23 Dec 2003
86	Somalia	DTC	03 Jun 2016	Not in force
87	South Africa	DTC Protocol	3 Mar 2005 25 Dec 2013	6 Dec 2006 15 Jul 2017
88	Spain	DTC	5 Jul 2002	18 Dec 2003
89	Sri Lanka	DTC	28 Jan 2022	Not in force
90	Sudan	DTC	26 Aug 2001	31 Jan 2005
91	Sweden	DTC	21 Jan 1988	18 Nov 1990
92	Switzerland	DTC and Mutual Agreement	18 Jun 2010 (DTC) and 7 June 2012 (Mutual Agreement)	8 Feb 2012 (DTC) and Retrospective from 8 Feb 2012 (Mutual Agreement)
93	Syrian Arab Republic	DTC	6 Jan 2004	21 Aug 2004
94	Tajikistan	DTC	6 May 1996	26 Dec 2001
95	Thailand	DTC	11 Apr 2002	13 Jan 2005
96	Tunisia	DTC	2 Oct 1986	28 Dec 1987
97	Turkish Republic of Northern Cyprus	DTC	22 Dec 1987	30 Dec 1988
98	Turkmenistan	DTC	17 Aug 1995	24 Jun 1997
99	Ukraine	DTC Protocol	27 Nov 1996 9 Oct 2017	29 Apr 1998 30 Nov 2020
100	United Arab Emirates	DTC	29 Jan 1993	26 Dec 1994
101	United Kingdom	DTC	19 Feb 1986	26 Oct 1988
102	United States	DTC	28 Mar 1996	19 Dec 1997
103	Uzbekistan	DTC Protocol	8 May 1996 9 Oct 2017	30 Sep 1997 9 Jul 2020
104	Venezuela	DTC	03 Dec 2018	14 Oct 2021
105	Viet Nam	DTC	08 Jul 2014	09 Jun 2017
106	Yemen	DTC	26 Oct 2005	16 Mar 2010

Convention on Mutual Administrative Assistance in Tax Matters (as amended)

The Convention on Mutual Administrative Assistance in Tax Matters was developed jointly by the OECD and the Council of Europe in 1988 and amended in 2010 (the Multilateral Convention).[57] The Multilateral Convention is the most comprehensive multilateral instrument available for all forms of tax cooperation to tackle tax evasion and avoidance, a top priority for all jurisdictions.

The original 1988 Convention was amended to respond to the call of the G20 at its April 2009 London Summit to align it to the standard on exchange of information on request and to open it to all countries, in particular to ensure that developing countries could benefit from the new more transparent environment. The Multilateral Convention was opened for signature on 1 June 2011.

The Multilateral Convention was signed by Türkiye on 3 November 2011 and entered into force on 1 July 2018 in Türkiye. Türkiye can exchange information with all other Parties to the Multilateral Convention.

The Multilateral Convention is in force in respect of the following jurisdictions: Albania, Andorra, Anguilla (extension by the United Kingdom), Antigua and Barbuda, Argentina, Armenia, Aruba (extension by the Netherlands), Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda (extension by the United Kingdom), Bosnia and Herzegovina, Botswana, Brazil, British Virgin Islands (extension by the United Kingdom), Brunei Darussalam, Bulgaria, Cabo Verde, Cameroon, Canada, Cayman Islands (extension by the United Kingdom), Chile, China (People's Republic of), Colombia, Cook Islands, Costa Rica, Croatia, Curaçao (extension by the Netherlands), Cyprus,[58] Czech

57. The amendments to the 1988 Convention were embodied into two separate instruments achieving the same purpose: the amended Convention (the Multilateral Convention) which integrates the amendments into a consolidated text, and the Protocol amending the 1988 Convention which sets out the amendments separately.

58. Note by Türkiye: The information in this document with reference to "Cyprus" relates to the southern part of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. Türkiye recognises the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of the United Nations, Türkiye shall preserve its position concerning the "Cyprus issue".

Note by all the European Union Member States of the OECD and the European Union: The Republic of Cyprus is recognised by all members of the United Nations with the exception of Türkiye. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus.

Republic, Denmark, Dominica, Dominican Republic, Ecuador, El Salvador, Estonia, Eswatini, Faroe Islands (extension by Denmark), Finland, France, Georgia, Germany, Ghana, Gibraltar (extension by the United Kingdom), Greece, Greenland (extension by Denmark), Grenada, Guatemala, Guernsey (extension by the United Kingdom), Hong Kong (China) (extension by China), Hungary, Iceland, India, Indonesia, Ireland, Isle of Man (extension by the United Kingdom), Israel, Italy, Jamaica, Japan, Jersey (extension by the United Kingdom), Jordan, Kazakhstan, Kenya, Korea, Kuwait, Latvia, Lebanon, Liberia, Liechtenstein, Lithuania, Luxembourg, Macau (China) (extension by China), North Macedonia, Malaysia, Maldives, Malta, Marshall Islands, Mauritania, Mauritius, Mexico, Moldova, Monaco, Mongolia, Montenegro, Montserrat (extension by the United Kingdom), Morocco, Namibia, Nauru, Netherlands, New Zealand, Nigeria, Niue, Norway, Oman, Pakistan, Panama, Paraguay, Peru, Poland, Portugal, Qatar, Romania, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Senegal, Serbia, Seychelles, Singapore, Sint Maarten (extension by the Netherlands), Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Thailand, Tunisia, Türkiye, Turks and Caicos Islands (extension by the United Kingdom), Uganda, Ukraine, United Arab Emirates, United Kingdom, Uruguay and Vanuatu.

In addition, the Multilateral Convention was signed by the following jurisdictions, where it is not yet in force: Benin, Burkina Faso, Gabon, Honduras, Madagascar, Papua New Guinea, Philippines, Rwanda, Togo, United States (the original 1988 Convention is in force since 1 April 1995, the amending Protocol was signed on 27 April 2010).

Annex 3: Methodology for the review

The reviews are based on the 2016 Terms of Reference and conducted in accordance with the 2016 Methodology for peer reviews and non-member reviews, as approved by the Global Forum in October 2015 and amended in 2020 and 2021, and the Schedule of Reviews.

The evaluation is based on information available to the assessment team including the exchange of information arrangements signed, laws and regulations in force or effective as at 6 September 2022, Türkiye's EOIR practice in respect of EOI requests made and received during the three year period from 1 July 2018 to 30 June 2021, Türkiye's responses to the EOIR questionnaire, inputs from partner jurisdictions, as well as information provided by Türkiye's authorities during the on-site visit that took place from 25 April to 29 April 2022 in Ankara.

List of laws, regulations and other materials received

- Constitution and Act No. 5170 on Constitutional Amendment of 7 May 2004
- Turkish Commercial Code No. 6102
- Tax Procedure Law No. 213 (TPL)
- Turkish Civil Code – Law No. 4721
- General Communiqué No. 529 of the Ministry of Treasury and Finance on Beneficial Ownership Register
- Communiqué No. 31446 of the Ministry of Trade on Reporting of Bearer Share Certificates to and their Registration with the Central Registry Agency
- Communiqué on Commercial Books published in Official Gazette No. 28502 of 19 December 1982
- Regulation on the Principles and Procedures to be followed in Tax Investigations

- Law no. 4358 related to Expanding the use of Tax ID Number
- Income Tax Law No. 193
- Corporation Tax Law No. 5520
- Insurance Law No. 5684
- Law No. 6728 on the Amendment of Certain Laws for the Improvement of the Investment Environment published in the Official Gazette dated 9 August 2016
- Law No. 7099 on the Amendment of Certain Laws for the Improvement of the Investment Environment published in the Official Gazette dated 10 March 2018
- Law Related to the Enforcement and Practices of Turkish Commercial Code
- Trade Registry Regulation
- Turkish Code of Obligations Law No. 6098
- Law No. 5549 on Prevention of Laundering Proceeds of Crime Law (AML Law)
- Law No. 6415 on the Prevention of the Financing of Terrorism (AML Law)
- Regulation on Measures Regarding Prevention of Laundering the Proceeds of Crime and Financing of Terrorism (RoM)
- Regulation on Programme of Compliance with Obligations of Anti-Money Laundering and Combating the Financing of Terrorism (RoC)
- Turkish Criminal Code Law 5237
- Foundations Law
- Banking Law No. 5411
- Law on Payment and Securities Settlement Systems, Payments Services and Electronic Money Institutions No. 6493 (Payments Law)
- Capital Markets Law (CML)
- Attorney’s Law No. 1136 of 19 March 1969
- Protection of Personal Data Law No. 6698
- Guidance on Identification of Beneficial Owner
- Guidance on Enhanced Due Diligence Measures

Authorities interviewed during on-site visit

Following Authorities were interviewed during the on-site visit:

- Turkish Revenue Administration
- Ministry of Trade
- Ministry of Foreign Affairs
- Financial Crimes Investigation Board (MASAK)
- Directorate General of Foundations
- Chamber of Commerce, Ankara
- Banking Regulation and Supervision Authority (BRSA)
- Central Bank of the Republic of Türkiye (CBRT)
- Representatives from the Banking Association of Türkiye
- Representatives from the Bar Association
- Representatives of the Notary Association
- Representatives from the Accounting and Audit Body

Current and previous reviews

Summary of reviews

Review	Assessment team	Period under review	Legal framework as of	Date of adoption by Global Forum
Round 1 combined Phase 1 and Phase 2	Ms Silke Voss from Germany; Mr Rob Gray from Guernsey; Mr Andrew Auerbach, Mr Sanjeev Sharma and Mr David Moussali from the Global Forum Secretariat	1 January 2009 to 31 December 2011	January 2013	November 2013
Round 2 combined Phase 1 and Phase 2	Ms Maria Claudia Silveira from Brazil; Mr Tony Chanter from the UK; and Mr Puneet Gulati from the Global Forum Secretariat	1 July 2018 to 30 June 2021	6 September 2022	7 November 2022

Annex 4: Türkiye's response to the review report[59]

Türkiye would like to extend its high appreciation for the work performed by the assessment team in evaluating Türkiye during the Exchange of Information on Request Peer Review. Türkiye would also like to thank the Peer Review Group, Global Forum Secretariat and exchange of information partners for their valuable contributions to the review. Moreover, we would also extend our gratitude to all national institutions and professional bodies in the Republic of Türkiye that assisted us in this review process.

Since the last peer review in 2013, Türkiye has gained ground by taking into account the recommendations put forward in the last round of EOIR assessment. Türkiye took further steps in legal and administrative processes for improving the assessed elements, in particular in the field of availability of ownership and identity information, where we have received a good rating.

Türkiye is aware that peer review process, which gives us the opportunity to evaluate our legislation and administration functioning, guides Türkiye to improve itself in the complying with the global standard for exchange of information. In this peer review period Türkiye learned its shortcomings and searched ways to overcome these deficiencies.

Türkiye will continue to work for effective exchange of information by examining the recommendations carefully and will take necessary actions for implementing these recommendations to bring Türkiye fully in line with the standard requirements.

59. This Annex presents the Jurisdiction's response to the review report and shall not be deemed to represent the Global Forum's views.

GLOBAL FORUM ON TRANSPARENCY AND EXCHANGE OF INFORMATION FOR TAX PURPOSES

Peer Review Report on the Exchange of Information on Request TÜRKIYE 2022 (Second Round)

The Global Forum on Transparency and Exchange of Information for Tax Purposes is a multilateral framework for tax transparency and information sharing, within which over 160 jurisdictions participate on an equal footing.

The Global Forum monitors and peer reviews the implementation of international standard of exchange of information on request (EOIR) and automatic exchange of information. The EOIR provides for international exchange on request of foreseeably relevant information for the administration or enforcement of the domestic tax laws of a requesting party. All Global Forum members have agreed to have their implementation of the EOIR standard be assessed by peer review. In addition, non-members that are relevant to the Global Forum's work are also subject to review. The legal and regulatory framework of each jurisdiction is assessed as is the implementation of the EOIR framework in practice. The final result is a rating for each of the essential elements and an overall rating.

The first round of reviews was conducted from 2010 to 2016. The Global Forum has agreed that all members and relevant non-members should be subject to a second round of review starting in 2016, to ensure continued compliance with and implementation of the EOIR standard. Whereas the first round of reviews was generally conducted as separate reviews for Phase 1 (review of the legal framework) and Phase 2 (review of EOIR in practice), the EOIR reviews commencing in 2016 combine both Phase 1 and Phase 2 aspects into one review. Final review reports are published and reviewed jurisdictions are expected to follow up on any recommendations made. The ultimate goal is to help jurisdictions to effectively implement the international standards of transparency and exchange of information for tax purposes.

This publication contains the 2022 Second Round Peer Review on the Exchange of Information on Request for Türkiye.

PRINT ISBN 978-92-64-39911-2
PDF ISBN 978-92-64-71902-6