

Turkey

Authors

Contributed by:	Erdem & Erdem Anil Acar Ecem Süsoy Uygun Elvan Galatalı
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<p>At what level(s) is FDI regulated (national/supranational, state/federal, etc.)? What are the rules governing FDI?</p>	<p>Foreign Direct Investment (“FDI”) in Türkiye is primarily regulated at the national level by Law No. 4875 on Foreign Direct Investments (“FDI Law”) and the Implementing Regulation of the Foreign Direct Investment Law (“Implementing Regulation”), both enacted in 2003.</p> <p>The aim of the FDI Law is to promote foreign direct investments, protect the rights of foreign investors, ensure compliance with international standards in the definitions of investment and investor, and transform the authorization and approval system into a notification-based system for the realization of foreign direct investments.</p> <p>Therefore, with the entry into force of the FDI Law, Türkiye’s FDI regime shifted from a permission-based system to a notification-based system. In this regard, Türkiye currently does not have a centralized or security-based FDI screening or approval regime; instead, it operates a foreign investor friendly notification-based system. However, specific restrictions continue to apply to certain strategic sectors.</p>
<p>Who is the authority in charge of applying FDI rules? Please indicate whether it can be approached formally or informally to confirm the necessity to file for any given transaction?</p>	<p>The authority responsible for the implementation of Türkiye’s FDI regime is the Ministry of Industry and Technology (“Ministry”), acting through the General Directorate of Incentive Implementation and Foreign Investment (“General Directorate”).</p> <p>The Ministry is the competent administrative body for the receipt, monitoring, and statistical recording of foreign direct investment notifications submitted via the Electronic Incentive Implementation and Foreign Capital Information System (“E-TUYS”).</p> <p>In parallel, the Investment and Finance Office of the Presidency of the Republic of Türkiye (“The Investment Office”) serves as the official body for investment promotion, facilitation, and coordination.</p>

	<p>While the Investment Office does not exercise a regulatory or screening function under the FDI Law, it plays an essential role in advising and assisting foreign investors, including in the interpretation of procedural and sectoral requirements prior to investment.</p> <p>There is no formal consultation process explicitly stipulated under the Turkish FDI regime. However, informal consultations may be sought from the Investment Office.</p> <p>Separately from the FDI notification system, certain transactions may also fall within the remit of other regulatory frameworks, depending on the sector and the nature of the investment. For example, acquisitions or changes in shareholding may trigger approval requirements in regulated industries, such as banking, where the Banking Regulation and Supervision Agency (BDDK) is competent, aviation under the Directorate General of Civil Aviation (SHGM), broadcasting under Radio and Television Executive Board (RTÜK), and energy under the Energy Market Regulatory Authority (EPDK).</p> <p>Likewise, transactions that meet the applicable thresholds under Law No. 4054 may need to be notified to the Turkish Competition Authority for merger control purposes. These potential requirements operate independently from the FDI regime and do not alter the notification obligations under E-TUYS.</p>
<p>What triggers FDI review?</p>	<p>Pursuant to Article 2 of the FDI Law, the term “foreign investor” covers:</p> <ul style="list-style-type: none"> • natural persons who are nationals of foreign states, • Turkish citizens residing abroad, and • legal entities incorporated under the laws of foreign countries and international organizations. <p>The FDI Law applies where foreign investors engage in two main types of investments:</p> <ul style="list-style-type: none"> • establishing a new company or opening a branch in Türkiye. • acquiring shares in an existing company outside of stock exchanges, or through stock exchanges if such acquisition concerns at least 10% of the shares or voting rights. <p>These investments can be made using assets brought from abroad (i.e., cash in convertible currency, corporate securities, machinery and equipment, or intellectual and industrial property rights) or assets generated within Türkiye (i.e., reinvested profits, revenues, receivables, or rights relating to the exploration and extraction of natural resources).</p>
<p>What is the substantive test for FDI control?</p>	<p>The FDI Law does not prescribe a uniform substantive test for FDI reviews. In Türkiye, review obligations arise under sector-specific laws only, which require approval when certain statutory ownership levels are reached or specific transactions occur. In regulated sectors, such as banking, energy, telecommunications, or aviation, such approvals must be obtained from the competent authority.</p>
<p>Does the FDI regime require pre-closing filing or post-closing filing? Please include any mandated timelines for filing.</p>	<p>Türkiye applies a mandatory notification regime for foreign direct investments, instead of an approval scheme. Accordingly, companies and/or branches subject to the FDI Law must report certain information to the Ministry through the E-TUYS system.</p> <p>The following obligations apply to companies and branches within the scope of the FDI Law:</p> <p>Following the authorization of a qualified electronic certificate holder as the E-TUYS user, the company or branch must complete the “Investor,” “Shareholder List,” and, where applicable, “Affiliates” sections within one month.</p>

	<p>Any change in capital, whether an increase or decrease, triggers an obligation to update the “Shareholder List” within one month.</p> <p>Likewise, if any payment is made in connection with a capital increase or a share transfer, the Foreign Direct Investment Information Form must be completed within one month of the payment date, and any share transfer (whether between existing shareholders or involving an external investor) requires an update to the “Shareholder List” within one month of the transaction.</p> <p>In addition to these event-based notifications, companies and branches must file the Annual Activity Information Form for Foreign Direct Investments by the end of May each year. Further, if a 100% domestic entity becomes subject to the FDI Law due to the entry of a foreign investor, it must complete the initial E-TUYS information sections within one month of the transaction.</p>
<p>Is there a filing fee?</p>	<p>No.</p>
<p>What information must be included in the filing?</p>	<p>The filing must include the information required under the standardized electronic forms in E-TUYS. In particular:</p> <ul style="list-style-type: none"> • Investor and company information, submitted through the “Investor” section, • Shareholding structure, including the identity and share percentages of domestic and foreign shareholders, provided in the “Shareholder List” section, together with information on “Affiliates” where applicable, • Annual operational and financial data (such as activity type and NACE code, workforce information, turnover, export and import figures, capital and investment amounts, R&D activities, incentives, and project updates), submitted through the Annual Activity Information Form for Foreign Direct Investments; and, • Ownership and capital-related information, including updated shareholder details and, where relevant, capital contribution and payment data, submitted through the Capital Information Form for Foreign Direct Investments.
<p>Who is responsible for submitting the notification to the relevant FDI authority?</p>	<p>Notifications on behalf of companies or branches subject to the FDI Law must be submitted through E-TUYS by authorized individuals.</p>
<p>Are there any consequences for failing to make a filing or late filing?</p>	<p>Failure to submit notifications is not expressly sanctioned under the FDI Law.</p> <p>However, for transactions that require approval from the Turkish Competition Authority, failure to notify renders the transaction invalid until clearance is granted, and such a breach of the standstill obligation (gun-jumping) triggers an automatic administrative fine of 0.1% of most recent Turkish turnover.</p>
<p>Are the notifying parties required to suspend the transaction pending approval? What are the consequences if this obligation is breached?</p>	<p>The FDI regime in Türkiye does not impose a standstill obligation, and therefore transactions are not required to be suspended pending notification. However, sector-specific approval requirements (such as those in banking, energy or insurance) remain fully applicable, as does the standstill obligation for transactions subject to merger control review under Law No. 4054.</p>
<p>To what extent does the authority in charge of applying FDI rules have the power to review transactions that do not meet the requirements for mandatory filing?</p>	<p>Türkiye does not maintain a centralized or national security-based screening and approval mechanism, and therefore the Turkish FDI Law does not grant the Ministry express authority to review or intervene in FDI.</p>

	<p>On the other hand, transactions in strategic or regulated sectors may be subject to intervention by the competent authorities for reasons of public interest or national security.</p>
<p>What type of decisions can be issued by the authority in charge of applying FDI control?</p>	<p>Under the Turkish FDI framework, the Ministry's powers are limited to administering and supervising compliance with the E-TUYS notification system. Pursuant to Article 16 of the Implementing Regulation, the Ministry may take administrative measures, issue regulatory guidance, resolve procedural matters, and address technical or exceptional situations arising during the implementation of the notification rules. These actions relate solely to the functioning of the filing system and do not amount to a substantive approval mechanism.</p> <p>Importantly, the Ministry does not have the authority to approve, block, or impose conditions on foreign direct investments under the legislation. Türkiye operates a liberal investment regime in which foreign direct investments do not require prior authorization.</p> <p>Separate from the FDI regime, sector-specific authorities (such as those in banking, energy, telecommunications, or aviation) may issue decisions on transactions that fall within their regulatory approval requirements, including decisions refusing the transaction, imposing conditions, or taking measures such as license suspension or revocation.</p>
<p>If conditional approval is possible, what type of conditions or commitments may be imposed? Are there any consequences for failing to comply with these conditions or commitments?</p>	<p>Not applicable.</p>
<p>Are there any rights of appeal to the relevant FDI authority's determination?</p>	<p>Not applicable.</p>
<p>What are the steps and timeline of the FDI procedure?</p>	<p>The Turkish FDI procedure operates on a notification-based system where companies must enter the E-TUYS within one month of authorization to register investor and shareholder information, submit annual activity forms by 31 May, and notify any capital or share transfer changes within one month.</p>
<p>What level of confidentiality applies to the FDI procedure?</p>	<p>The Turkish FDI procedure operates on a confidential basis. All filings submitted through E-TUYS constitute internal administrative data and are used solely for statistical monitoring. They are not made public or shared with third parties, and Ministry officials are bound by confidentiality and data-protection obligations. Filings are disclosed only where required by law or a court order.</p> <p>As a limited exception, the General Directorate publishes on its website a high-level list of foreign-invested companies, which contains only the company name, the country of the foreign investor, and the company's field of activity. No detailed information submitted through E-TUYS is publicly accessible.</p> <p>Certain information included in FDI notifications may also be publicly available under separate legal disclosure requirements, such as announcements published in the Turkish Trade Registry Gazette or capital markets disclosures made by publicly listed companies. In such cases, the information is made public by virtue of those separate legal regimes, whereas the data submitted through E-TUYS itself continues to be treated as confidential within the FDI framework.</p>
<p>Are there any other investment controls or similar regimes to be aware of ?</p>	<p>No. Türkiye does not maintain any additional investment-specific controls or reporting mechanisms applicable solely to foreign investors beyond the notification obligations under the FDI Law. Foreign and domestic investors are treated equally and are not required to make balance-of-payments declarations, obtain approvals for outbound investments, or comply with any for-</p>

eign-subsiidiary transaction controls. However, like all investors, foreign investors remain subject to generally applicable regulatory regimes such as sector-specific licensing requirements (e.g., banking, energy, telecommunications) and the mandatory merger control system under Law No. 4054, which apply irrespective of investor nationality and do not constitute foreign-investment-specific controls.
