

Extension of liaison office permits following the new regulation of Ministry of Economy



Care should be taken with applications for extension of liaison office permits

With the new regulations which came into force in 2012, the Ministry of Economy created new categories describing the operations of liaison offices and introduced new validity periods in accordance with these categories.

For the operation permits which expire soon, it seems the Ministry of Economy is being sensitive, harsh, and thorough in evaluating extension applications.

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Tax Management and Accounting Services (TMAS)

Before the new regulation, for most liaison offices, operations were categorised as market research or promotion activities. Having operation permits for two or three years, liaison offices could apply for an extension with an FID report (Annex IV) supported with bank statements and a statement concerning the liaison office activities. Permits were extended by the Ministry of Economy without further requests for information.

With the new regulation, the activities of liaison offices have been recategorised and market research and promotion of products/services are no longer permitted. The duration of operation permits are now determined within the five categories below in accordance with the nature of activities.

<i>Representation and Hosting</i>	<i>5 years</i>
<i>Control and Provision of Local Suppliers</i>	<i>5 years</i>
<i>Technical Support</i>	<i>5 years</i>
<i>Communication and Transfer of Information</i>	<i>5 years</i>
<i>Regional Management Headquarters</i>	<i>10 years</i>

After the new regulation, liaison offices categorised their activities in the first FID report submitted to the ministry in 2012.

As the operation permit deadlines are approaching, liaison offices are getting ready for the first extension applications after the enactment of the new regulation, and utmost care should be taken when applying for extensions.

Applying for extension? Be sure to give concrete and substantial information to the ministry.

- Extension applications of liaison offices which do not include Annex IV (supported with bank lists) will not be evaluated.
- Liaison offices are to document their activities as clarified in the new legislation and their operation permits.
- If a liaison office is asked to provide additional supporting information, it should act within the given period.
- For those liaison offices that are unable to justify their activities and submit their documents within the given period, the operation permits **will be cancelled** by the Ministry of Economy.

We strongly advise the following:

- Provide proof for seminars organised/attended (attendance letters, brochures), provide “thank you letters” from third parties for hosting;
- Provide confirmation letters from third parties if the activity scope is “technical support” (include the period and scope of the support);
- Do not send documents that are not clearly associated with liaison office operations such as anonymous flight tickets, restaurant expenses etc.); and
- Provide reports prepared regarding market conditions and trends in Turkey as well as related communications with foreign companies.

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