

14 September 2018

INFORMATION ON THE LEGISLATIVE CHANGES IN RESPECT OF FOREIGN CURRENCY PAYMENTS

A. INTRODUCTION

In the Official Gazette dated 13 September 2018 and numbered 30534, certain amendments to the Decree No. 32 on the Protection of the Value of the Turkish Currency (“**Amendments to Decree No. 32**”) have been published.

These amendments enter into force on the publication date (i.e. 13 September 2018) and introduce prohibitions in respect of the foreign currency and foreign currency indexed payments in certain transactions among the persons residing in Turkey.

B. PROHIBITONS REGARDING THE FOREIGN CURRENCY PAYMENTS

According to the Amendments to Decree No. 32, the price and any other payment obligations that will be determined under the following transactions **among the real and legal persons domiciled in Turkey** can no longer be denominated in a foreign currency or in a manner indexed to foreign currency:

- Sale and purchase agreements for movable and immovable assets;
- Lease agreements for movable and immovable assets, including financial leasing and leasing of vehicles;
- Employment agreements;
- Service agreements; and
- Construction agreements.

The Ministry of Treasury and Economy (“**Ministry**”) is authorized to provide certain exemptions to these restrictions.

Any agreements that have been executed prior to 13 September 2018 which are still in effect and which include an amount denominated in a foreign currency, shall be modified to comply with the Amendments to Decree No. 32 within 30 days following 13 September 2018.

The Amendments to Decree No. 32 are expected to be followed by further regulations which will provide further details and clarifications in respect of the implementation of the Amendments to Decree No. 32.

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Should you have any queries, please do not hesitate to contact us.

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