



STARTUP LEGAL PLAYBOOK

A Quick Reference Guide to
International Market Entry for
Startups (and Their Lawyers)

Fourth Edition, 2026

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Albania	Germany	Nigeria
Argentina	Ghana	North Macedonia
Australia	Greece	Peru
Austria	Hong Kong	Philippines
Barbados	Hungary	Poland
Belgium	Iceland	Portugal
Bosnia & Herzegovina	India	Romania
Brazil	Ireland	Russia
Bulgaria	Israel	Saudi Arabia
Cameroon	Italy	Serbia
Canada	Jamaica	Singapore
Chile	Japan	Slovenia
China	Kenya	South Africa
Costa Rica	Latvia	Spain
Croatia	Lebanon	Sweden
Cyprus	Lithuania	Switzerland
Czech Republic	Luxembourg	Taiwan
Denmark	Macau	Tunisia
Ecuador	Malaysia	Turkey
Egypt	Mexico	Uganda
Estonia	Montenegro	Ukraine
Ethiopia	Mozambique	United Arab Emirates
Finland	Netherlands	United Kingdom
France	New Zealand	United States of America

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Welcome all to the fourth edition of the *ITechLaw Startup Legal Playbook: A Quick Reference Guide to International Market Entry for Startups (and Their Lawyers)*.

The purpose of this Playbook is to provide startup founders and startup lawyers alike with a quick reference guide to key issues they may experience in foreign jurisdictions. Let's face it, the modern startup is not concerned with owning the local geography, but instead wants to step out onto the world stage as early as possible. Often times, this means that the need for foreign legal advice comes well before the resources which their institutional, established competitors can bring to bear.

Enter the *Playbook*. This is not meant as a definitive guide to everything you'll need to know about legal systems and local market realities in any given jurisdiction, but it is intended to help triage key issues. Whether you're using this guide as a lawyer advising a startup client, or as a startup company yourself, our hope is that the *Playbook* will help you to better assess potential risks and to ask the right questions.

And if you have need of a local legal expert, now you'll have a list of lawyers from around the world that deal with startups just like yours, that are ready and willing to help.

A bit about format. As you'll see, the *Playbook* is primarily broken into chapters by country. Each country's entry is organized in the same manner, as answers to a series of nine questions or prompts:

- **Legal Foundations** - *Please describe the general legal structure of your country. Is it common law or civil code? What are the important jurisdictional layers (i.e. Federal, State, Provincial, etc.)?*
- **Corporate Structures** - *Please describe the most relevant structures from a practical point of view a start-up might consider when looking to start its business in your country.*
- **Entering the Country** - *Are there any foreign investment rules/restrictions to be aware of?*
- **Intellectual Property** - *Please identify on high level where IP may be registered, and what protections that affords. Do you have specific trade secret legislation? Are you on the Madrid System?*
- **Data Protection/Privacy** - *Please describe any regime for data protection and/or protection of personal information in your country. For EU: Are there significant national particularities due to the usage of the 99 opening clauses of the GDPR?*
- **Artificial Intelligence** - *Is there a specific regime for AI regulation in your country? Are there any other legal particularities to consider?*
- **Employees/Contractors** - *What does a foreign entity briefly needs to know about engaging employees or contractors in your country? Is there a work for hire regime? Are there restrictions on terminations of employees?*

- **Consumer Protection** - *What does a foreign entity need to know about consumer protection in your country?*
- **Terms of Service** - *Is there anything that can't be or must be included in online terms of service in order to be enforceable in your country?*
- **Tax/Funding** - *Which national tax regulations are relevant for investors? Which trends, contact points, and links to further information are there in relation to funding/subsidies in your country?*
- **What else?** - *Is there anything else specific to your country not addressed above that a foreign entity ought to know before entry?*

The basis of these eleven questions should provide a reasonable primer on key inter-jurisdictional issues you or your startup or startup client will want to consider as you contemplate expansion into new territories.

This publication has been a years-long project of the [Startup Committee of the International Technology Law Association \(ITechLaw\)](#). First discussed in 2020 during the height of the global pandemic, our committee spent time considering and developing these foundational questions and then enlisted colleagues from around the globe to provide responses forming their respective chapters. We have been amazed and humbled by the response we have received. The first edition of the Playbook included detailed chapters for thirty-nine countries, with the second edition expanding to sixty-three, and the third edition topping sixty-eight countries!

What's new? For this fourth edition of the Playbook, we asked contributors to update existing entries from the third edition, and have onboarded new countries to bring our current count to seventy-two jurisdictions!

What's next? In future editions, we will continue to expand the Playbook by adding more countries, provide updates as various jurisdictions inevitably change their laws, and consider adding to the list of questions on specific industry verticals and regulatory regimes. If you or your firm would like to contribute for a country not already listed, or you have other ideas on future expansions, please let us know!

In the meantime, we hope you find the following chapters illuminating and useful in your push for global domination!

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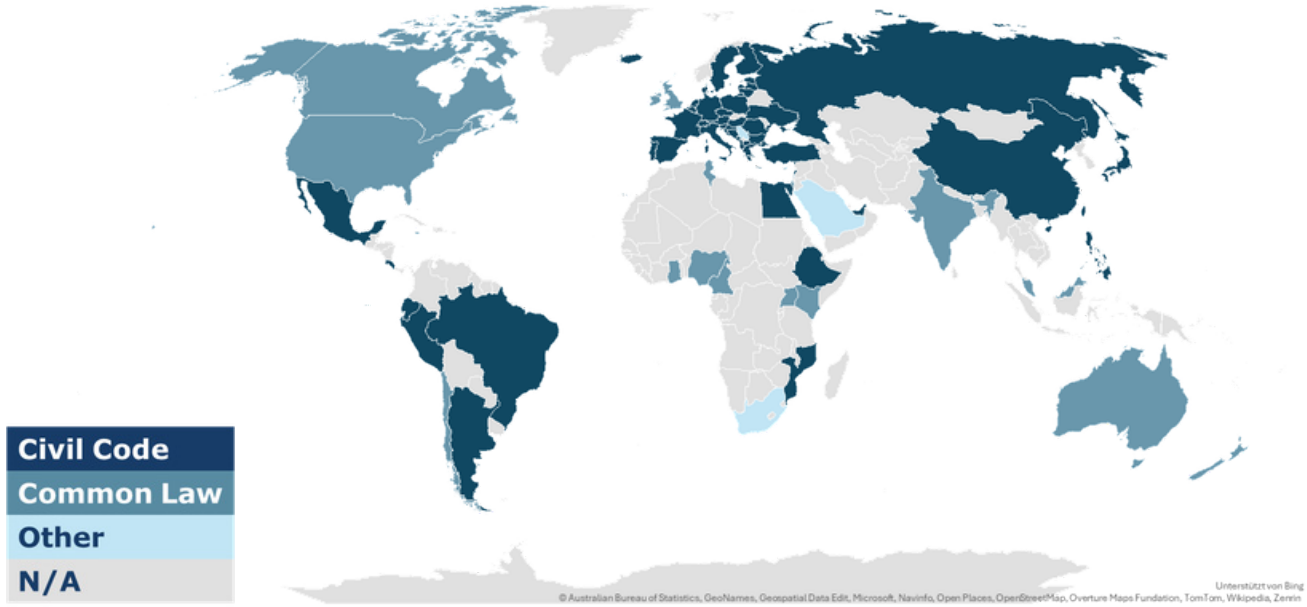
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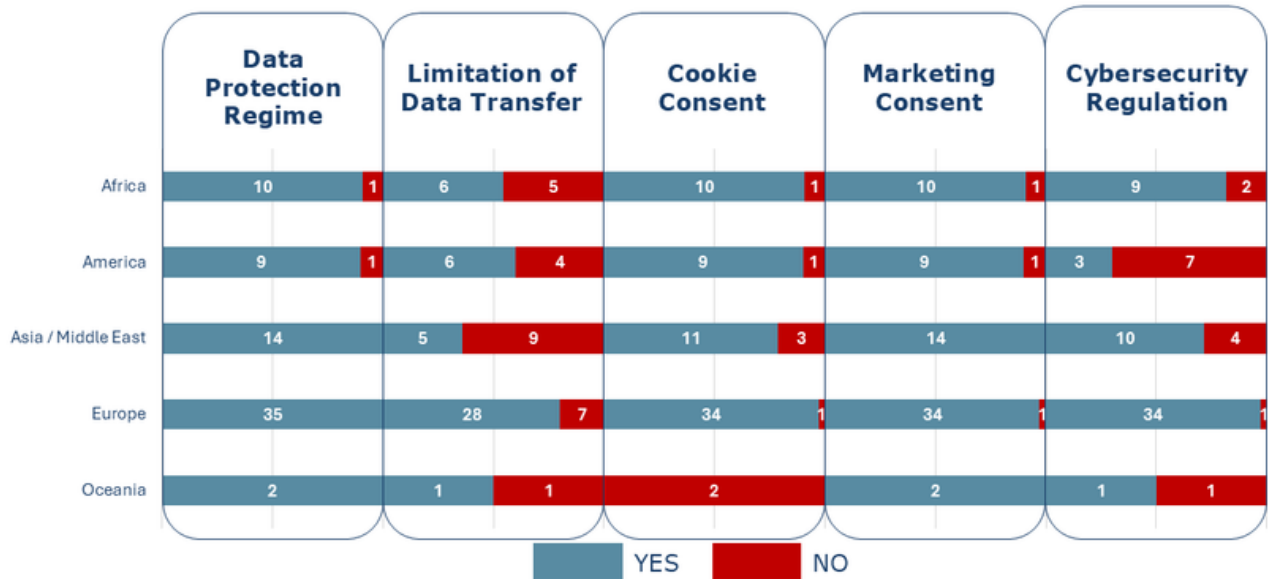
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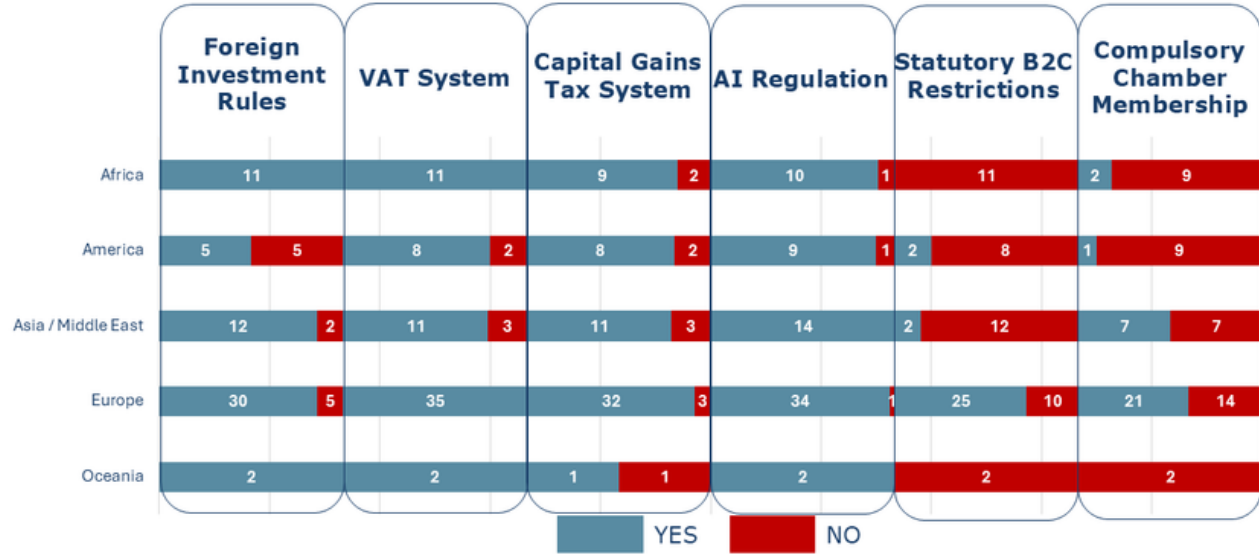


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LEGAL FOUNDATIONS

The legal system in Turkiye operates under a civil law framework, which is influenced by the European legal tradition meaning that the laws are primarily codified and supported by judicial decisions as precedents. The main source of law is the constitution and pursuant to the Turkish Constitution the legislative authority is vested in the Grand National Assembly with the authority to establish and abolish laws. International agreements approved by the Grand National Assembly, codified laws, as well as supplementary legal codes such as regulations, circulars, and communiqués constitute the primary legal sources. Decisions of the High Court of Appeal, the Council of State and the Regional Courts of Appeal as precedents enrich the sources of law in Turkiye.

Turkiye has a unitary legal system, which means that, unlike some other countries (i.e. the United States), Turkiye does not have a federal framework with several tiers of government and jurisdictional layers. Rather, it has a unitary state structure, in which the central government is the core of all legislative, executive and judicial authority.

CORPORATE STRUCTURES

There are various corporate structures that companies, especially startups, can take into account. The type of business, ownership preferences, ease of incorporation, liability protection and tax implications are some of the variables that may influence the choice of the corporate structure when establishing a presence in Turkiye.

The corporate structures are regulated under the Turkish Commercial Code (“TCC”). The most preferred capital company types are Joint Stock Companies (“JSC”) and Limited Liability Companies (“LLC”). While the JSC is a more intricate structure appropriate for larger companies or those aiming for an IPO, LLC is a more common structure providing its shareholders with a straightforward business structure. Both company types can be established with only one shareholder, although LLCs have a maximum shareholder limit of 50, while JSCs have to go public when they exceed 500 shareholders.

Moreover, corporate veil principle applies to both JSCs and LLCs, therefore their shareholders’ liability is limited to their respective capital contributions. However, it should also be noted that board members of both JSCs and LLCs and shareholders of LLCs may be held personally accountable for public debts or taxes that are not recouped from the company.

It should also be mentioned that it is possible for companies to change their corporate structures after incorporation, i.e. LLC to JSC and vice versa.

CORPORATE STRUCTURES, CONT'D

Below are the key features, advantages and disadvantages of JSCs and LLCs under Turkish legal system:

Joint stock corporations

Key Features

- Can be established for any economic purpose and subject that are not prohibited specifically by law,
- Has a fixed capital divided into shares, and shareholders' liability is limited to the capital they have subscribed,
- Has an articles of association registered with the trade registry where its headquarter is located,
- Can be established with a sole shareholder, both real and legal persons can be shareholders,
- Shareholders may freely transfer their shares to others without approval of the general assembly in principle,
- JSCs are the only type of company that can be subject to an IPO and whose shares can be traded on the stock exchange,
- The minimum capital amount required for establishment is TRY 250,000,
 - At least $\frac{1}{4}$ of the shares subscribed in cash must be paid before registration, while the remaining amount must be paid within 24 months following the registration of the company.
- Can issue registered and bearer share certificates to represent its shares, and can also issue bonds and similar debt instruments.

ADVANTAGES

- Shareholders may freely transfer their shares to others without a need for formal procedures,
- JSCs are the only type of company that can be subject to an IPO and whose shares can be traded on the stock exchange
- Shareholders' liability is limited only to the capital amount they have subscribed

DISADVANTAGES

- Higher minimum capital requirement
- At least $\frac{1}{4}$ of the shares subscribed in cash must be paid before registration
- Subject to more formalities and legal procedures and higher corporate governance requirements

Limited Liability Company (LLC)

Key Features

- Can be established for any economic purpose and subject that are not prohibited specifically by law,
- Has a fixed capital divided into shares, and shareholders' liability is limited to the capital they have subscribed. However, the shareholders are liable for public debts of the company that could not be collected from the company in proportion to their capital subscriptions,
- Has an articles of association registered with the trade registry where its headquarter is located,
- Can be established with a sole shareholder, both real and legal persons can be shareholders, however, the number of shareholders cannot exceed 50,
- Transfer of shares is subject to the approval of the general assembly,
- The minimum capital amount required for establishment is TRY 50,000,
 - No upfront payment is required for the shares subscribed in cash and the capital amount must be paid within 24 months following the registration of the company.
- Bearer shares cannot be issued,
- Cannot be offered publicly.

CORPORATE STRUCTURES, CONT'D

Limited Liability Company (LLC), CONT'D

ADVANTAGES

- Lower minimum capital requirement,
- No initial capital payment is required,
- Capital amount can be paid within 24 months following the registration of the company.
- Has fewer legal procedures to fulfill annually

DISADVANTAGES

- The number of shareholders cannot exceed 50,
- The shareholders can be held liable for public debts of the company that could not be collected from the company in proportion to their capital subscriptions,
- Transfer of shares is subject to the approval of the general assembly and formal procedures before a notary public
- Bearer shares cannot be issued and cannot be subject to IPOs

In addition to evaluating feasible corporate structures for establishing their business, start-ups should also carefully consider the legal procedures for terminating their business activities in advance. If a start-up decides to permanently cease its commercial operations in Türkiye, then the liquidation procedure must be initiated as outlined in the TCC. During the winding-up process, the legal entity will maintain its existence albeit with the addition of the term "in liquidation" prefixed to its tradename. Nevertheless, the duties and powers of the board of managers or general assembly will be restricted throughout the liquidation. This limitation implies that, the companies will not engage in any further commercial activity unless required by compulsory situations with the sole purpose of creating a better valuation of the current assets. It is also essential to be aware of involuntary dissolution procedures through court order and technical bankruptcy situations. The voluntary liquidation process normally takes around 1 – 1,5 years.

ENTERING THE COUNTRY

The geographical position of Türkiye offers a notable benefit for investors aiming to spread their operations across Europe, the Middle East and CIS countries. Additionally, Türkiye's open foreign investment policy, ensures equitable treatment for both local and foreign investors, instils confidence among the foreign investors. Türkiye actively engages in signing bilateral and multilateral agreements, creating a favourable environment for economic collaboration by outlining standards of treatment for investors and their investments. Furthermore, Türkiye's membership to the Customs Union since 1996 and its Free Trade Agreements signed with 27 countries provide unique opportunities for foreign investors.

Typically, subject to some exceptions, most regulations do not require any Turkish participation in the capital or management of a foreign capital company, allowing businesses to be established entirely with foreign capital. Significantly, they are subject to equal treatment as domestic investors. As such, the incentives also apply to their investment arrangements, offering more flexibility when the investment structure is properly designed. However, in practice, engaging with Turkish nationals for daily business operations is often advisable.

Foreign Direct Investment Law, is the main foreign investment legislation in Türkiye, which has been further liberalised with recent amendments. Foreign ownership is essentially unrestricted, and anybody or any entity, regardless of nationality or citizenship, is free to invest in Türkiye without any authorisation or permission needs. Regardless of their ownership structure or the percentage of foreign investor engagement, legal entities established with foreign capital are treated as domestic companies under Turkish Law. Foreign investors are only required to notify the General Directorate for Incentives Implementation and Foreign Capital under the Ministry of Industry and Technology about the investment type, the amount of capital invested, and the shareholding structure. Additionally, they have to provide the Ministry with an annual report on their investment activities, which includes capital increases, share transfers and payments relating to such. The Electronic Incentive Application and Foreign Investment System (E-TUYS) is the electronic platform used for such reporting process.

ENTERING THE COUNTRY, CONT'D

Lastly, it is important to note that there are some restrictions on foreign investment in industries such as mining, insurance, banking, radio and television broadcasting, civil aviation, and financial advising. The main focus of these restrictions revolve around the requirement to establish a local investment entity in Türkiye which is controlled by Turkish nationals.

INTELLECTUAL PROPERTY

The following IP rights can be registered:

Trademarks

What is protectable? Any signs like words, figures, colors, numbers, sounds and the shape of goods or their packaging that are capable of distinguishing the goods or services and being represented on the register in a manner to reflect the clear and precise subject matter of the protection granted to its owner may be protected as trademark. The main piece of legislation regulating and governing trademarks is the Industrial Property Code no. 6769. In principle, trademark rights are acquired through registration. However, there are a few exceptions to this principle. Accordingly, signs that have acquired distinctiveness due to prior use, well-known trademarks within the framework of Article 6bis of the Paris Convention enjoy trademark protection regardless of registration. Similarly, genuine right ownership to a non-registered trademark or to another sign used in the course of commerce is a recognized status under Turkish law. Additionally, non-registered trademarks may be protected under the Turkish Commercial Code no. 6102 against unauthorized use or confusing similarity.

Where to apply? Applications for trademark registrations can be filed either before (i) the Turkish Patent and Trademark Office ("TÜRKPATENT") or (ii) the World Intellectual Property Organization (WIPO) under the Madrid System. The application for a national trademark is filed via EPATS Electronic Application System platform through <https://epats.turkpatent.gov.tr/run/TP/EDEVLET/giris>. If the applicant of the trademark is a foreign real person or a foreign legal entity, the application should be filed by an authorized trademark attorney duly registered for representation before TÜRKPATENT. Trademark applications are subject to initial ex officio examination of TÜRKPATENT conducted based on absolute grounds of refusal. If the application passes the ex officio examination, it is published in the Official Trademark Bulletin. Third parties are entitled to file opposition against the published trademark application for two months starting from the publication date. Oppositions are examined by the Trademark Directorate at the first instance and may be appealed before the Re-examination and Evaluation Board. In conclusion of the opposition proceedings if any, the trademark application is registered upon payment of the relevant fees.

Duration of protection? The protection commences from the date of application and remains valid for 10 years with the option for renewal every 10 years subject to payment of associated official fees.

Costs? Application fee for each of the first and second classes costs approximately EUR 45. Application fee of approximately EUR 48 are charged per additional classes from the third additional class onwards. Registration fee is approximately EUR 106.

INTELLECTUAL PROPERTY, CONT'D

Patent

What is protectable? Inventions in all fields of technology satisfying the criteria of being novel, involving an inventive step and being capable of industrial application may be protected through patent. According to the Industrial Property Code no. 6769, “novelty” refers to inventions that are not included in the current state of art, and inventions are deemed to contain “inventive step” if the invention is not obvious to the expert of the relevant field given the current state of art, and inventions are “applicable to industry” if they could be produced or used in any field of industry including agriculture. The categories exempted from patent protection are enshrined under the Industrial Property Law no. 6769 including but not limited to computer programs. Patent rights are acquired through registration.

Where to apply? A patent registration can be obtained either through (i) national application before TÜRKPATENT or (ii) international application procedures per European Patent Convention 1973 or the Patent Cooperation Treaty 1970. Application for patent registration is filed via EPATS Electronic Application System through <https://epats.turkpatent.gov.tr/run/TP/EDEVLET/giris>. If the applicant of the patent is a foreign real person or a foreign legal entity, the application should be filed by an authorized patent attorney duly registered for representation before TÜRKPATENT. A complete package of patent application includes (i) description defining the subject matter of the invention, (ii) claims, (iii) pictures referred in the description or claims and (iv) abstract. Applications are examined through several stages including formality check, search request, preparation of search report, publication, examination request and preparation of the examination report. If all these phases result in granting the patent by TÜRKPATENT, the decision of granting the patent is published on the Official Patent Bulletin. Third parties are entitled to file opposition against the decision of granting the patent within six months commencing from the publication of the decision.

Duration of protection? The term of protection is in any case a maximum of 20 years from application date and may not be extended.

Costs? Application costs for national patent is approximately EUR 12 and cost for drafting the patent certificate issuance fee upon the decision of granting the patent is approximately EUR 73. Fee for patent renewal increases each year and ranges from approximately EUR 58 for the second year to approximately EUR 300 for the twentieth year.

Employee invention and inventor bonus? Inventions developed by employees are classified in two categories; (i) service inventions, which are inventions made by the employee in the course of its employment relationship either while performing the task that it has been assigned to or largely based on the experience and activity of the company for which the employee is working, (ii) free inventions, which are inventions that do not fall into the service invention category. In principle, free inventions belong to the employee subject to the employee's obligation to inform the employer and employee's obligation to make an offer to the employer under certain circumstances. On the other hand, employer can claim partial or total ownership of a service invention by notifying the employee in writing. If the employer claims total ownership, all rights to the invention pass to the employer on the notification of the employee. If the employer claims partial ownership, the rights to the invention partially pass to the employer on the notification of the employee, and the remaining part of the invention becomes a free invention as a rule. In both cases, the employee is entitled to reasonable compensation from the employer as inventor bonus in consideration of the employer's benefit in exploiting the subject invention.

INTELLECTUAL PROPERTY, CONT'D

Utility Model

What is protectable? Utility models are granted for inventions which are novel and capable of industrial application. The essence of utility model protection is generally similar to patent protection, however, they differ from each other at certain points. For instance, inventive step required for patentability is not required for utility models. Utility models are acquired through registration.

Where to apply? The authority for registration of utility model is TÜRKPATENT. The application and registration procedure for patent are generally applicable for utility models although two procedures are not identical to each other. (Please refer to the above explanations with respect to application for patent to understand the general framework)

Duration of protection? In contrast to patents, the term of protection is valid only for 10 years and may not be extended.

Costs? Application fee for utility model is approximately EUR 12 Fee for drafting the utility model certificate issuance fee upon the decision of granting the utility model is approximately EUR 73. Fee for utility model renewal increases each year and ranges from approximately EUR 52 for the second year to approximately EUR 101 for the tenth year.

Designs

What is protectable? Design refers to the outer appearance of a product or its ornamentation. Designs are granted protection provided that they are novel and have an individual character. A design is protected as a registered design if registered in accordance with the provisions of the Industrial Property Law no. 6769 and a design is protected as a non-registered design if it is presented to the public for the first time in Türkiye. If a design that is identical to the design for which protection is sought has not been presented to the public in any part of the world prior to the subject design, it is deemed "novel". If the overall impression that the design for which protection is sought leaves on informed consumer differs from any other design presented to the public prior to the subject design leaves, it is accepted to "have an individual character". Design owner is entitled to exercise its rights arising from the Industrial Property Law no.6769 against the designs that do not have an individual character comparing to its own design. The general structure of the Industrial Property Law no. 6769 makes a distinction between the registered and non-registered designs and confers a stronger layer of protection to the former.

Where to apply? Application for national design registrations are filed before TÜRKPATENT. As Türkiye is party to Hague System, intellectual design applications could be made through Hague System. Design applications are filed via EPATS Electronic Application System through <https://epats.turkpatent.gov.tr/run/TP/EDEVLET/giris>). If the applicant of the design is a foreign real person or a foreign legal entity, the application should be filed by an authorized attorney duly registered for representation before TÜRKPATENT. The Office reviews the design application in terms of formal requirements and novelty criteria and decides on its publication in the Official Design Bulletin should the subject design passes the initial examination. Third parties may file opposition against the design registrations within three months starting from their publication. Depending on the result of the opposition proceedings, design is officially registered and then certificate of design registration may be issued.

Duration of protection? The term of protection is five years starting from the filing date and may be renewed five times for another five year-long period upon payment of the renewal fee. The maximum term of protection is 25 years.

Costs? Application fee costs approximately EUR 33. An additional fee of EUR 11 per additional design application is applicable. Renewal fee costs around EUR 104.

INTELLECTUAL PROPERTY, CONT'D

Domain Names

What is protectable? Names identifying the Internet protocol address used to determine the address of computers or Internet sites on the Internet are protected as domain names under Turkish law. Domain names are subject to registration.

Where to apply? Based on the recent amendments of Turkish law, management authority for “.tr” domain names is assigned to Information Technologies and Communication Authority. For managing the “.tr” domain names a platform named “.tr Network Information System” (“TRABIS”) was established. The official website of TRABIS is <https://www.trabis.gov.tr/>. Allocation of Country Code Top Level Domain Names (ccTLD) is carried out with the “first come, first served” principle, without any documents and in the order of application time. In the past, it was required to have a trademark application / registration or registered trade name for registering “.tr” domain names. Application proceedings are conducted through intermediary entities authorized by Information Technologies and Communication Authority as listed at the following link: <https://www.trabis.gov.tr/page/2>. The dispute resolution for “.tr” domain names is managed by Dispute Resolution Service Providers authorized by and accredited to TRABIS. The legal grounds are aligned with ICANN’s Uniform Domain Name Dispute Resolution Policy.

Duration of protection? The domain name is allocated for a minimum of one and a maximum of five years at a time. The use of the domain name for which the renewal process is not completed until the end of the allocation period is suspended for two months. Within this period, the domain name allocation process is renewed upon the application of the domain name owner. The allocation period after renewal cannot exceed five years.

The following IP rights cannot be registered:

Copyright

What is protectable? Intellectual and artistic works bearing the characteristics and originality of the author being classified as a work of science and literature, musical work, fine arts or cinematographic work pursuant to the Law on Intellectual and Artistic Works no. 5846 are granted copyright protection. There are sub-titles within each category that provide more extensive lists of copyrightable works. Computer software and databases are also subject to copyright protection, provided that they are original pieces of work, which reflect the characteristics and originality of the author. Copyright protection is automatically acquired upon creation of the work meaning that there is no registration system that materially creates the right. However, there is a compulsory registration requirement for cinematographic works, musical works and computer games for the purposes of exploitation of rights and facilitation proof of ownership with no purpose of creating any rights. It is also possible to optionally register other types of works. The authority in charge of compulsory and optional registration of copyright is the General Directorate of Cinema and Copyrights under the auspices of the Ministry of Culture and Tourism.

Duration of protection? Copyright protection starts from the first communication of the work to the public and lasts for 70 years after the author's death.

Exploitation of copyright protected work? Copyright owners enjoy economic and moral rights to their copyrighted works. Economic rights vested in copyright owners are right of adaptation, right of reproduction, right of distribution, right of performance, right of communication the work to the public by devices enabling the transmission of signs, sounds and images. Moral rights vested in copyright owners are right to disclose the work to the public, right of attribution being named as the author, right to the integrity of the work enabling author to prohibit unauthorized modification of the work. The copyright owner may assign its economic rights to third parties. Such assignment agreement must be in written form and specifically list the assigned rights. Although there is no notarization requirement for satisfying the written form requirement form, it is recommended to legalize such agreements before a notary public. On the other hand, the copyright owner cannot assign or waive its moral rights to the work, but it can license the right to use the moral rights. If a work is created by an employee during the execution of its duties, the employer is the legal owner of the right to exercise the financial rights over such work although not the owner of the financial rights per se. Due to the strict regulation of copyrights in Türkiye, it is generally advisable to execute separate agreements to assign the economic rights once the work comes into existence.

INTELLECTUAL PROPERTY, CONT'D

Trade Secret

What is protected? Trade secrets are generally accepted as confidential commercial information that has a commercial value. Therefore, information, documents, models, database, codes, algorithms, know-how and other confidential knowledge with commercial value to its owner and protected with measures against disclosure could be protected as trade secret. While there is no specific piece of legislation particularly regulating trade secrets under Turkish law, trade secrets are recognized and conferred a certain level of protection. There is no specific regulation for trade secrets in Türkiye, therefore, trade secrets may be protected through means of general laws. Particularly, unfair competition rules under Turkish Commercial Code are applicable for protection of trade secrets especially against their unauthorized use and disclosure. Depending on the nature of unauthorized use (for example, the disclosure of confidential information by a former employee), there may be different legal grounds under which the owner can claim protection, including criminal, employment, and commercial law. As protection of trade secret is not extensively established by law, it is preferable to protect trade secrets through clear contractual terms to the extent business relationship of contracting parties allows. There is no official requirement for registration of trade secrets.

Duration of protection? Protection granted for trade secrets is not limited to a certain period of time. As long as appropriate measures are taken and information has a commercial value, trade secret protection applies.

DATA PROTECTION/PRIVACY

Legislative Framework

The main source of rules for protection of personal data in Türkiye is the Law on the Protection of Personal Data numbered 6698 (“**LPPD**”) which entered into force in 2016. LPPD is prepared based on EU Directive 95/46/EC on Data Protection, therefore it was a step towards harmonization with EU legislation on protection of personal data and it continues to be inspired by the provisions of the European General Data Protection Regulation (“**GDPR**”) and the decisions of European data protection authorities. There is also a substantial case law being developed by the decisions of the Personal Data Protection Board (“**Board**”) which is a body of the Personal Data Protection Authority (“**Authority**”) that has the authority to oversee the regime in Türkiye. Territorial scope of LPPD is not only data controllers in Türkiye, but also data controllers not residing in Türkiye who targets data subjects and process personal data of data subjects in Türkiye.

Recent Major Amendments

Since the enactment of the LPPD, persistent challenges have been encountered in the processing of sensitive personal data and cross-border data transfers, and such challenges have frequently resulted in practical impediments in implementation of the LPPD in Türkiye. In response to the evolving practical needs and the long coming objective of harmonising Turkish personal data protection legislation with the GDPR, amendments to the LPPD were published on 12 March 2024 and came into force as of 1 June 2024 (the “**Amendments**”).

DATA PROTECTION/PRIVACY, CONT'D

Processing of Sensitive Personal Data in light of the Amendments

Prior to the Amendments, the processing of sensitive personal data was contingent upon the explicit consent of the data subjects. Considering the fundamental principles of personal data protection explicit consent must be the last resort legal basis, however its mandatory application in practice had created an unsustainable and legally uncertain scenario. With the Amendments, the scope of lawful processing of sensitive personal data has been significantly broadened and new legal grounds for processing of sensitive personal data have been introduced. Accordingly, sensitive personal data (including health data and personal data related to sexual life) may be processed if one of the following legal grounds is present:

1. The explicit consent of the data subject is obtained,
2. Processing is expressly stipulated by laws,
3. Processing is necessary for the protection of the life or physical integrity of the data subject or another person who is unable to give consent due to physical impossibility, or whose consent is not legally valid,
4. Processing is relevant to personal data publicized by data subject and is in accordance with the intention of data subject of making it public,
5. Processing is necessary for the establishment, exercise, or protection of a right,
6. Processing is compulsory by persons under the secrecy obligation or competent authorities or institutions for the protection of public health, preventive medicine, medical diagnosis, treatment and care services, planning, management, and financing of health services,
7. Processing is necessary for fulfilment of legal obligations relating to employment, occupational health and safety, social security, social services, and social benefits,
8. Where foundations, associations, and other non-profit organizations or formations established for political, philosophical, religious, or trade union purposes, provided that it is in accordance with the relevant legislation to which these organizations are subject and aligned with their stated purposes, processing is limited to their field of activity, and data is not disclosed to third parties; processing pertains to their current or former members, affiliates or individuals who are in regular contact with these organizations and formations

Accordingly, processing of sensitive personal data is allowed when at least one of the legal grounds listed above is present for the processing activity. It should also be noted that while the explicit consent is listed as a valid legal ground for processing of sensitive personal data, it is intended as a last resort to be applied when no other legal grounds are viable for the processing. Therefore, in the availability of other legal grounds, data controllers should not request explicit consent of the data subject.

It is recommended for the companies to reassess and align their existing compliance practices with the above-mentioned changes. This necessitates a review and revision of existing privacy policies, privacy notices etc. With the updates to be made to the existing practices, current data subjects should be informed that their personal data will now be processed on the new legal grounds without relying on their explicit consent.

Transfer and International Transfer of Personal Data in light of the Amendments

Prior to the recent Amendments, cross-border transfer of personal data have been a longstanding bottleneck in Turkiye's personal data implementation, as explicit consent of data subjects was the only viable mechanism. With the Amendments, personal data may now be lawfully transferred outside Turkiye if at least one legal basis for processing is present. Such cross-border transfers shall either be conducted in accordance with an adequacy decision to be published by the Authority, or in the absence of such decision, through one of the appropriate safeguards newly introduced under the LPPD. It should be noted that since the LPPD's enactment in 2016, the Authority still have not established a list of countries providing adequate protection, meaning no countries have been designated as safe for unrestricted data transfers. This, as it currently stands, necessitates utilization of one of the recognized appropriate safeguards for cross-border transfer.

The appropriate safeguards recognized with the Amendments are briefly as follows:

- Execution of a written undertaking by data exporter and data importer, containing provisions to ensure adequate protection and authorization of the cross-border transfer by the Board,
- Data controllers operating within a group of companies may establish binding corporate rules ("**BCRs**") to facilitate intra-group data transfers and submit them for Board's approval. Once approved by the Board, group companies may lawfully transfer personal data amongst the group under the approved framework,
- Execution and submission of the Standard Agreements ("**SCCs**") predetermined and published by the Board.

DATA PROTECTION/PRIVACY, CONT'D

Transfer and International Transfer of Personal Data in light of the Amendments, CONT'D

The most significant reform introduced with the Amendments is the adoption of the SCC mechanism closely resembling the Standard Contractual Clauses under the GDPR. Amongst the other recognized appropriate safeguards for cross-border data transfer, execution of Standard Agreements have already become the primary method for cross-border data transfers in Türkiye. The Board has issued four (4) official templates for SCCs, along with application forms and guidance on BCR implementation, all of which are accessible via the Authority's website. However, unlike the SCCs under the GDPR, the implantation of SCCs under the LPPD presents a stricter framework, as they are required to be executed (signed in wet ink) without making any amendments and must be submitted to the Authority within five (5) business days following the date of execution. The submission must also include supporting documentation verifying the authorization of the signatories, which must be apostilled and their notarized Turkish translations must also be submitted.

The preparation of SCCs also requires significant diligence from both the data exporter and the data importer, as they must comprehensively include the following information under the Annexes of SCCs; (i) the activities of the data exporter and the data importer in relation to the personal data transferred, (ii) the groups of persons to whom the transferred personal data relate, (iii) categories of personal data transferred and categories of special categories of personal data transferred, if any, (iv) the legal grounds for the transfer, (v) frequency of transfer, (vi) the nature of the data processing activity, (vii) the purposes of the data transfer and subsequent processing, (viii) retention periods of personal data, (ix) importers or groups of importers, (x) Data Controllers Registry Information System (VERBIS) information of the data transferor, (xi) the subject, nature and duration of the processing activity in transfers to the Data Processor and Sub-Processor, (xii) the technical and administrative measures taken, and if any, in case of transfer of special categories of personal data, the technical and administrative measures taken separately for such special categories of data, and (xiii) list of sub-processors, if any.

Finally, in the absence of an adequacy decision or where data controllers are unable to implement any of the prescribed safeguards, the LPPD allows cross-border data transfers under certain limited exceptions that strictly apply only to incidental transfers, meaning transfers that occur on a one-time or occasional bases and are not part of the ordinary course of business operations of the data controller. The exceptions are conditional on various limitations indicated under the LPPD.

Finally, with the Amendments, a new administrative fine has been added to the LPPD. In case of a failure to comply with the obligation to notify the Authority within 5 business days upon the execution of the SCCs, administrative fines ranging from 90,308 Turkish Liras to 1,806,177 Turkish Liras for 2026, with the reassessed rate, shall be imposed. Additionally, if it is determined that an appropriate safeguard has not been provided in the international data transfer processes by data controllers by September 1, 2024, there is a risk of an administrative fine ranging from 256,357 Turkish Liras to 17,092,242 Turkish Liras for 2026.

Data Controllers' Registry (VERBIS) Obligation

Data Controllers residing in Türkiye are obliged to register with VERBIS under certain conditions, and data controllers residing abroad must also register with VERBIS if they process personal data of data subjects in Türkiye even if they do not have a presence in Türkiye. For this purpose, the controllers are obliged to prepare data inventory and data retention policy and then get an account at VERBIS and fill in the VERBIS questionnaire. The data inventory is something very similar to Article 30 of the GDPR and VERBIS questionnaire is a very detailed list of questions regarding the same. Foreign data controllers are obliged to appoint a contact person who must be either a Turkish legal or real person. According to the Regulation on Data Controllers' Registry, in case a foreign data controller targets Turkish data subjects in Türkiye and act as data controller in Türkiye, they must be registered with VERBIS and appoint a data controller representative. The representative must be either a Turkish legal entity or real person having Turkish citizenship. The representative must have the authority to represent the data controller at least for the following matters; i) to receive or accept the notifications or correspondence sent by the Authority on behalf of the data controller, ii) to forward the requests made by the Authority to the data controller and to forward the data controller's answers to the Authority, iii) to receive the applications of data subjects on behalf of the data controller and forward the applications of data subjects to the data controller, iv) to forward the answer of the data controller to the data and v) to do the necessary work regarding VERBIS on behalf of the data controller.

DATA PROTECTION/PRIVACY, CONT'D

Data Controllers' Registry (VERBIS) Obligation, CONT'D

With the Amendments, foreign data controllers must now pay greater attention to VERBIS registration obligation especially in light of the new submission requirement regarding the SCCs, as they usually partake in the SCCs as data importers and thereby process the personal data of individuals in Türkiye, triggering the VERBIS registration obligation. Due to the requirement of submission of SCCs, likelihood of detection by the Authority is increased, and non-compliance with VERBIS obligations is more visible, making the enforcement risks for foreign data controllers operating in Türkiye higher.

ARTIFICIAL INTELLIGENCE

Turkey still does not have a standalone AI regulation enacted and the main framework remains general laws. That being said, there are pending legislative proposals in the Parliament. A dedicated AI Law proposal have been submitted on 24 June 2024 and there are additional proposals which require clear labeling of AI-generated fake content and introduce administrative sanctions but these are not satisfactory piece of legislation in terms of AI regulations.

Under the Turkish Civil Code, legal recognition is granted to both natural and legal persons, with each possessing rights and obligations within the legal structure. AI's classification under this structure still remains a subject of debate, with some scholars arguing AI to be a legal person, while some scholars argue AI to be an enslaved entity similar to the classic classifications under the ancient Roman Law, while some others argue against legal personality of AI altogether.

General rules for data protection and copyright law shall apply for AI specific cases, despite the absence of AI specific legal framework at the moment. As for copyright matters the general rule appears to be that an AI programs cannot have rights to the works it creates and that only human creativity can be protected within the framework of copyright protection. As from data protection aspect, AI based applications must ensure transparency in their data processing activities and take necessary measures to protect data subjects' personal data in order to be in conformity with the LPPD in Türkiye. Moreover, regulatory authorities are expected to audit such AI system to ensure they operate in conformity with the legislation. Currently, the primary legal instrument applicable to AI related personal data processing remains to be the Article 11 of the LPPD, which provides data subjects with the right to object to occurrence of a result to the detriment of the person by analyzing the personal data processed exclusively through automated systems. Therefore, if the results produced through autonomous decision making system are to the detriment of the data subject, the data subject shall have a right to object to it. In light of the increasing convergence between AI and data privacy, the Personal Data Protection Authority has issued "Recommendations for the Protection of Personal Data in AI Applications" and the "Guidance on Generative AI and Personal Data Protection in 15 Questions" emphasizing human oversight accountability, data minimization, anonymization of personal data, regular risk assessments for high-risk and generative AI applications. With the recent Guidance, high risk areas are highlighted, such as, hallucinations, bias, confidentiality, security and deepfakes while also emphasizing legal basis assessment, transparency and privacy by design expectations. While these non-binding recommendations are a positive step toward integrating AI-specific data protection principles into Turkish law, legally enforceable regulations are required to be issued.

EMPLOYEES/CONTRACTORS

Under Turkish law, a person working based on a dependency principle would qualify as an employee, and the counterparty undertaking to pay salary or wage shall qualify as an employer. Any salaries and other benefits paid to employees should be reflected to the payroll, and the employers are obliged to pay social security contributions on behalf of the employees to the Turkish Social Security Institution ("SSI"), as well as any related taxes. However, these payments cannot be made unless through a Turkish establishment (or branch/representation office) based in Türkiye.

Self-employment (e.g. as a contractor or freelancer) is unregulated under Turkish law. In this regard, there is not a specific set of rules providing the conditions of being a contractor serving a company. Therefore, there is always a risk that any contractors may be deemed an employee by Turkish labour courts. That being said, there are very well known recruitment companies providing services for undertakings so that undertakings benefit from the services without employing personnel but again risks exist from labour law perspective.

Employment Contracts

Save for some certain type of employment contracts, Turkish law does not require a written contract to be executed between the parties and only requires employers to provide a basic document setting out the employment conditions to the employee. However, it is recommended to execute written contracts for evidential purposes. Different types of employment contracts under the Turkish Labour Act ("TLA") are as follows:

- Indefinite terms and fixed-term contracts.
- Full-time - part-time contracts.
- Temporary contracts.
- On-call, team contracts.
- Remote working contracts.

Fixed term and Indefinite Term Contracts: Under the TLA, the main type of employment contract is indefinite term contract. There must be an objective reason such as i) existence of a fixed-term work by its nature, ii) presence of a specific work to be completed, or iii) emergence of a certain event, in order to conclude a fixed-term employment contract, otherwise it will be construed as an indefinite term contract from the commencement of the employment relationship.

Remote Working Contracts: Remote working contracts must be executed in writing, and they must include the i) definition, method, term and place of work, ii) salary and payment, iii) work tools, equipment and protection obligation concerning them, iv) communication between the employer and the employee, and v) special and general conditions of employment.

Probationary Period: The maximum duration of probation is 2 months, and it must be agreed explicitly in the employment contract to apply. During this time, either party can terminate the employment relationship without notice, compensation and without any reasonable ground for termination.

Minimum Terms and Conditions of Employment

Maximum Working Day and Overtime

The maximum working day is 11 hours, and maximum working week cannot exceed 45 hours. If the employee works more than 45 hours per week, salary for each hour of overtime worked should be compensated at 1.5 times the employee's normal hourly rate (i.e. applying a 1-1.5 ratio). In any case, employees cannot work for more than 11 hours in any day inclusive of overtime. According to the TLA, the parties can agree under the employment contract that overtime work up to 270 hours per year is included in salary. This is also general practice in Türkiye.

EMPLOYEES/CONTRACTORS, CONT'D

Minimum Terms and Conditions of Employment, CONT'D

Annual Paid Leave

The employees will be granted paid annual holiday if they have worked for at least one year as follows:

Length of Service	Holiday Entitlement
1-5 years (inclusive)	14 working days
5-15 years (inclusive)	20 working days
15+ years	26 working days

Parties can extend holiday periods under the employment contract.

Different Types of Leave

Different types of leave provided under TLA are as follows:

- Maternity leave,
- Paternity leave,
- Adoption leave,
- Parental leave,
- Sick leave,
- Marriage Leave,
- Bereavement leave.

Termination Procedure

The TLA provides protection to employees in particular cases ("job security provisions"). If an employee has been working for at least 6 months at a workplace having 30 or more employees based on an indefinite employment contract, the employer can only terminate the employment contract by relying on a valid reason or just ground. According to the Court of Cassation precedents, foreign affiliates of global companies are considered in determining the total number of employees in these workplaces. Valid reasons can be related to the capability or behaviour of an employee, or the requirements of the enterprise, workplace or the work.

Termination Indemnities

Before terminating the employment agreement relying on poor performance or misbehaviours, the employee must be informed of his/her poor performance or misbehaviours and the employee's written defense must be taken. The employer should clearly explain the reasons for the termination in the termination letter. The termination letter should be signed by representative(s) of the employer who are authorized to terminate employment contracts and also it must be counter-signed by the employee.

EMPLOYEES/CONTRACTORS, CONT'D

Minimum Terms and Conditions of Employment, CONT'D

Termination Indemnities, CONT'D

In brief, termination indemnities are as follows:

Notice Periods & Notice Payment: In principle, employees must be granted a notice period before the termination. However, Turkish law permits employers to terminate the contracts by making a payment in lieu of notice. In this respect, the TLA sets out the minimum notice periods to be given by both employers and employees as follows:

Length of Service	Notice Period
Less than 6 months	2 weeks
6 to 18 months	4 weeks
18 to 36 months	6 weeks
Over 36 months	8 weeks

Severance Payment: Except for the employee's resignation or the employer's termination of the employment contract for just cause, employees working based on permanent employment contracts and over one year's service are entitled to receive a severance payment on the termination of their employment. The severance pay is calculated by multiplying the years of service by one month's average total remuneration (i.e. salary and benefits such as bonus). However, severance pay will be capped at ₺35,058.58 (subject to adjustments) per year of service (rates applicable between 1 January 2024 and 30 June 2024). Severance payment for a partial year is calculated on a pro rata basis.

Outstanding Holiday Pay: Employees are entitled to receive a sum equal to any accrued holiday which remains outstanding as at the termination date. This is calculated on the basis of 1/365th of annual salary per day of accrued holiday.

Work for Hire

Turkish law does not have a specific regime on "work for hire". However, it regulates temporary employees. Temporary employees are defined as employees who are employed by an authorized private employment agency to work temporarily for a hirer, and the employees allocated to another workplace within the same group companies. Employment of these employees is subject to certain time restrictions depending on the occasion. Temporary employees can be hired through an authorized private employment agency with regard to certain occasions such as:

- Provision of housekeeping services,
- Works falling outside those performed as part of the daily routine and performed intermittently,
- Works that need to be urgently performed for the sake of occupational health and safety or in cases of force majeure significantly affecting the manufacturing,
- In cases where the average capacity of good manufacturing and service provision of the undertaking increases to an unprecedented degree necessitating the establishment of a temporary employment relationship,
- In cases where the amount of the work increases periodically excluding seasonal work,
- In cases where an employee's employment contract is suspended during maternity leave, part-time work followed by maternity leave and military service, only for the period of suspension.

CONSUMER PROTECTION

In Türkiye, the central piece of legislation regarding consumer protection is the Law on the Protection of Consumers numbered 6502 ("CPL") the purpose of which is to protect health, safety and economic interests of consumers, to compensate their damages, to raise awareness of consumers and to encourage consumers to take initiatives to protect their interests. Additional primary legislation that must be adhered to includes the Regulation on Distance Selling Contracts and Electronic Commerce Law. Key highlights and obligations to take note of in light of the consumer protection legislation include the following;

- Contracts and information presented to consumers must be in at least twelve point font size, in a clear, simple and understandable manner.
- The provisions stipulated in the consumer contract established between the parties cannot be changed to the detriment of the consumer during the term of the contract.
- Unfair terms in contracts concluded with consumers are null and void.
- The sale of goods displayed in a shop window, on a shelf, in electronic media or in any other clearly visible place cannot be avoided unless a statement that the goods are not for sale is included. Similarly, providers may not refrain from providing services without a justifiable reason.
- Contracts established by using remote communication tools up to and including the moment of the conclusion of the contract between the parties within the framework of a system established for the distance marketing of goods or services, without the simultaneous physical presence of the seller or provider and the consumer are distance selling contracts. Purchases made on social media and text messages can be considered within the scope of distance contracts.
- The consumer must be informed in writing or by means of a permanent data storage device before the conclusion of the contract (making any payment) on certain matters regarding the distance contract.
- If there is no specific promised delivery time for purchases made over the internet or telephone, the seller must send the goods within thirty days at the latest. If the goods are not sent within this period, the consumer has the right to terminate the contract and receive all payments back with legal interest within fourteen days.
- The seller is responsible for loss and damage until the delivery of the goods to the consumer. If the consumer has requested the goods to be sent by a carrier other than the carrier determined by the seller, the seller is not responsible for any loss or damage that may occur from the delivery of the goods to the relevant carrier.

Additionally the legislation with regards to consumer direct marketing should be paid attention to. Under Turkish law the commercial messages are regulated by the Regulation on Commercial Communication and Commercial Electronic Messages ("Regulation") and the Law on Regulation of Electronic Commerce ("Law"). According to the Regulation, sending commercial electronic messages is conditional on consent to be taken from the receiver of the message. Moreover, there is an online system in place that must be considered, called IYS (Message Management System) working under supervision of the Ministry of Trade with which message senders and message recipients are registered and consent are being managed. Pursuant to the Regulation, real or legal persons who provide commercial communication tools such as calls, messages, e-mails, etc. are referred to as service providers, and service providers are required to register themselves with IYS and upload the consents they obtained to IYS. On a last note, a sole opt-out approach or pre-selected tick box approach would not be accepted as consent and if according to the Regulation the recipient is not a merchant / tradesman the commercial electronic message that was sent without consent would constitute a violation of the Regulation and the Law.

TERMS OF SERVICE

Under Turkish Law, texts such as terms of service and general terms and conditions are the contractual provisions that the drafter prepares and presents to the other party in advance, alone, in order to be used in a large number of similar contracts in the future. However, general terms of service, i.e. contracts drafted by one of the parties and presented for signature without giving the other party the chance to make any amendments or negotiate the provisions, are valid only and legally binding in the presence of certain conditions, as in they are only valid and binding if both parties are willing to execute the agreement and the other party is not obliged to sign the agreement against his/her will. Moreover, pursuant to the consumer protection legislation, in the cases where the consumer cannot influence the content of the agreement due to the contact being prepared in advance and included as a standard contract, it is considered that such agreement was not negotiated with the consumer. Therefore, provisions of such agreements may be deemed unfair terms. Also, the consumer protection regulations must be adhered to. Terms of service should not provide lesser protection than the legislation and must not bring about disadvantages to the consumer.

Moreover, the other party must be informed in detail and separately of the provisions of the agreement. Another issue regarding the enforceability of terms of services presents itself in the burden of proof. They are only considered a prelude to evidence and must be proven with other instruments such as log records, e-mail correspondence, documents evidencing the service is procured etc. In addition, pursuant to the legislation, in respect of some provisions the agreement must be prepared in writing to be valid and binding, for example, the provisions regarding the choice of jurisdiction and the application of the laws of another country will not be valid and binding unless made and signed in writing.

On the other hand, provisions of the data protection legislation should also be considered. It must be noted that consent of data subjects cannot be collected through the acceptance of terms of service. Moreover, the Personal Data Protection Board concluded that it is not possible to condition the service on consent of data subjects and that consent cannot be asserted by data controllers as a prerequisite for the performance of a service.

TAX/FUNDING

Taxation

Corporate Taxation

Companies resident in Türkiye are subject to full tax liability, meaning that they are taxed on their worldwide income, whereas companies not resident in Türkiye are only taxed on their income derived in Turkey. The standard corporate income tax rate in Turkey is set at 25%, calculated over the taxable income which is calculated as all profits earned from earnings while expenses are deductible. It should be noted however that the corporate income tax rate for banks and financial institutions (i.e. payment companies, asset management companies, foreign exchange companies, capital market, insure companies etc.) are set at 30%.

A minimum corporate income tax regime is implemented effective as of January 1, 2025, in order to ensure that corporate entities are subject to minimum tax amount of at least 10% of their income, prior to the application of deductions. The purpose of this implementation is to prevent excessive tax reductions that may have been possible and to ensure that corporations contribute at least a certain level of taxation regardless of deductions and exemptions they may be benefiting from.

Withholding Tax

Withholding tax is levied on certain types of income, including dividends, interests, royalties etc. and the obligation to withhold and remit the tax lies with the taxpayer who must deduct the applicable tax amount before making their payments. Typically the withholding tax rates range between 0% to 20%, and it should be kept in mind that reduced rates may apply under various double taxation treaties.

Dividends distributed to non-resident companies or individuals (both resident and non-resident) are subject to withholding tax at the rate of 15%.

Interest payments made to non-residents are subject to withholding tax at the rate of 10%, and royalty payments made to non-residents are subject to withholding tax at the rate of 20%. Many double taxation treaties reduce the applicable rate down to 10%.

Value Added Tax (VAT)

The general VAT rate is 20% on the supply of goods and services, while the rate ranges from 1% to 20% depending on the nature of the transaction (certain goods and services benefit from reduced VAT rates, i.e. certain agricultural products are taxed at 1% VAT, and basic food, textile and books are taxed at 10% VAT).

Imported goods and services are subject to VAT as domestic transactions, while exported goods and services are exempt from VAT (if services and goods are not used/ benefitted in Türkiye).

Companies have to file and pay VAT monthly to the relevant tax office. The balance of the VAT due and the input VAT deducted has to be paid to the tax office (if VAT burden) or is refunded by the tax office.

Incentives/Funding

There are a range of tax incentives available to foreign investors in Türkiye and key incentive programs include; (i) investment incentive program in which various tax benefits are provided to encourage capital investment, (ii) R&D incentives in which companies engaged in R&D activities can take advantage of additional tax deductions, reduced corporate tax rates, government grants and financial support, (iii) Free-zones in which companies located in designated free zones benefit from corporate tax, VAT and customs duty exemptions, (iv) Technoparks in which companies located in designated technology development zones benefit from corporate tax, income tax and VAT exemptions.

Incentive and funding programs in Türkiye are categorized under general, regional, priority and strategic investment incentive schemes, along with specialized programs targeting key industries and underdeveloped regions. Ministry of Industry and Technology pioneers in introducing the incentive and funding programs in Türkiye and oversees them. Details of such incentives schemes can be found in the official website of The Investment Office of the Presidency of the Republic of Türkiye which is the official organization for promoting investment opportunities in Türkiye.

TAX/FUNDING, CONT'D

Taxation, CONT'D

- For a comprehensive guide for government incentives, visit: <https://www.invest.gov.tr/en/investmentguide/pages/incentives-guide.aspx>
- For Turkiye's details to Turkiye's foreign direct investment strategy and action plan, visit: <https://www.invest.gov.tr/en/pages/fdi-strategy.aspx>
- For various guides tailored to help investors about doing business and investing in Turkiye, visit: <https://www.invest.gov.tr/en/investmentguide/pages/default.aspx>
- For an official guide to state incentives for investments in Turkiye, visit: <https://www.invest.gov.tr/en/library/publications/lists/investpublications/guide-to-state-incentives-for-investments-in-turkiye.pdf>
- For access to "Incentives Wizard" which is an investment incentive search engine, visit: <https://www.yatirimadestek.gov.tr/incentives-wizard>

WHAT ELSE?

Compliance with the competition legislation in Turkey is of the essence for foreign investors, as digital platforms especially are being closely monitored by the authorities in Turkiye. Competition legislation in Turkey includes regulations that are in parallel with EU competition directives, and it should be mentioned that competition legislation provisions should be adhered to when entering into contractual relationships with distributors, partnerships or when acquiring business in Turkiye etc.

Additionally, Law numbered 5651 on the Regulation of Publications on the Internet and Combating Crimes Committed through Such Publications ("Law") should be paid attention to. The purpose of this Law is to regulate the obligations and responsibilities of content providers, hosting providers, access providers and collective use providers, and the principles and procedures for combatting certain crimes committed on the internet through content, hosting and access providers. In general terms, a decision to block access to the relevant content or publication can be taken if the content causes the following situations; violation of personal rights, violation of the right to privacy, violation of the right to be forgotten on the internet, violation of laws and if it is deemed necessary for the protection of the right to life and the security of property, national security and public order. One of the highlights from the Law is regarding the obligation to appoint a representative for social network providers.

Lastly, the most critical legislative update recently is the enactment of the Cyber Security Law No. 7545 (the "CSL"), effective as of March 19, 2025. The CSL introduces a distinct regulatory framework governing data security and state oversight, operating independently from the LPPD, and imposes data localization and storage obligations on companies operating in certain regulated sectors. In addition, the CSL establishes a new public authority, namely the Presidency of Cyber Security (the "**Presidency**"), which is vested with broad powers to supervise, audit, and inspect data storage practices and the manner in which data are processed by entities operating in cyberspace. Under specific circumstances set out in the CSL, these powers may permit governmental access to, and intervention in, such data and related systems via the Presidency.

Data Localisation

The CSL, introduced a data localization obligation through two mechanisms:

- **Domestic Product Preference:** Companies operating in cyberspace are required to give priority to the use of domestic and nationally produced hardware and software for cyber security purposes. In practice, this obligation implies that the use of foreign cloud service providers or foreign-origin cyber security infrastructure will only be permissible where equivalent services are not available from domestic providers. Accordingly, reliance on foreign public cloud services may be restricted unless it can be demonstrated that no suitable local alternative exists.
- **Proportionate storage:** The CSL further requires that data be stored "proportionately to the risk". Proportionality, in this context, means that higher-risk or more critical data are subject to stricter storage and localization obligations. This provision should be interpreted to mean that sensitive commercial data or user data should not be stored exclusively on foreign public cloud infrastructures without the existence of a certified local instance or an equivalent localization safeguard.

WHAT ELSE?, CONT'D

Government Access

The CSL also introduced certain powers to the newly established Presidency which results in Governmental Access to the data of companies operating in the cyberspace. The powers given to the Presidency are as follows:

- **Audit Power:** The Presidency is authorized to conduct audits of companies' information technology systems at any time in order to assess cyber resilience and compliance with the CSL. Failure to comply with audit requests or to facilitate such inspections may result in the imposition of administrative fines and other sanctions.
- **No "Trade Secret" Defense:** During an audit, companies are legally obligated to provide all requested information, documents, software codes, and log records. They shall not refuse access based on commercial confidentiality.