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WEEKLY NEWSLETTER

Metin & Cicek Attorney Partnership Weekly Newsletter

IN THIS ISSUE

Law Amending the Law on Consumer Protection and Certain Laws

- *Official Gazette dated October 30, 2024 and numbered 32707*

This law makes various amendments to the Law No. 6502 on Consumer Protection. For consumers, phrases on distance selling and the use of permanent data storage devices have been added. The direct selling system is defined, stating that companies must be capital companies and that the earnings must be predominantly based on the sale of products or services. Direct sellers cannot be imposed additional financial obligations to join or remain in the system, and consumers are granted the right of withdrawal. In addition, the lower and upper limits for administrative fines of the Advertisement Board were redefined and conditions for imposing fines were added according to the characteristics of the violation.

The Law on the Regulation of Electronic Commerce regulated the license fees of electronic commerce intermediary service providers. A new regulation added to the Tax Procedure Law provides for the inflation adjustment of investments in accordance with accounting standards. In addition, inflation adjustment practices for companies in liquidation and bankruptcy and an additional article on the establishment of Organized Industrial Zones were introduced to the Coastal Law.

Decision Amending the Statute of the Association of Payment and Electronic Money Institutions of Turkey (No. 9071)

- *Official Gazette dated October 30, 2024 and numbered 32707*

This decision amends the Statute of the Association of Payment and Electronic Money Institutions of Turkey and regulates the duties and rights of member institutions. Among the new definitions added are “professional arrangement decision” and “member representative”, as well as defining the regulations prepared by the association. The voting rights of members at the General Assembly are redefined according to the amount of their shareholders' equity, while PTT is granted twelve voting rights. General Assembly and Board of Directors meetings can be held electronically and details on the calculation of voting rights have been added. The procedure for the election of Board members has been reorganized and management-related powers such as professional ethical principles, approval of regulatory decisions and disciplinary penalties have been added. In addition, dues are required to be paid by the end of December each year, and a General Assembly meeting is envisaged for November 2024, at which elections of the Union's organs will be held. The Decision will enter into force from the date of its publication.

Decision on Determination of Cannabis Cultivation Quotas for the Production of Active Pharmaceutical Ingredients

- *Official Gazette dated October 30, 2024 and numbered 32707*

This decision was taken within the scope of Article 23 of Law No. 2313, and the country's total quota for cannabis cultivation to produce pharmaceutical active ingredients is limited to 120,000 root plants per year on an area of 5,000 square meters. However, for universities, research institutes of the Ministry of Agriculture and Forestry and organizations with research permits, scientific research and R&D studies within the scope of cannabis cultivation to produce pharmaceutical active ingredients do not require a quota requirement.

Regulation Amending the Regulation on Higher Education Private Accommodation Services

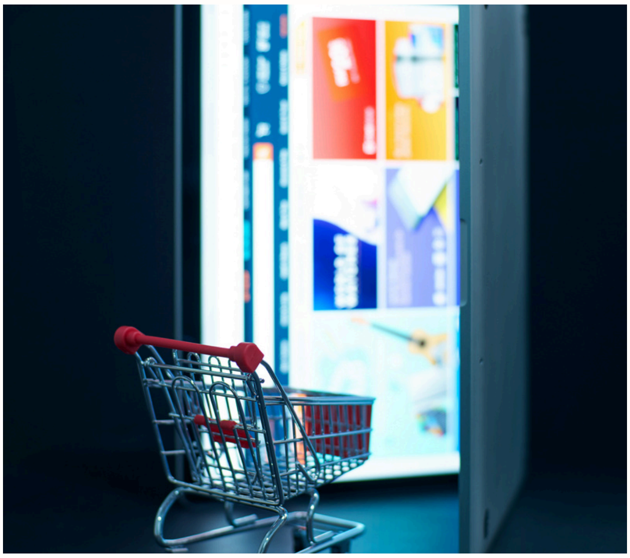
- *Official Gazette dated October 30, 2024 and numbered 32707*

These amendments introduce some new regulations for institutions providing private higher education accommodation services. In particular, the requirement for new institutions to apply within one month of opening during the academic year and the obligation for elevator inspections in accommodation facilities have been added. In addition, it has been made obligatory for institutions to organize the provision of accommodation services for the months of July and August and to notify the provincial directorate of the annual accommodation fee, excluding VAT, by the end of July each year.

Within the scope of temporary regulations, some exemptions for accommodation services have been removed and the transition period has been extended until August 1, 2026. According to the newly added article, institutions must update and notify the provincial directorate of their accommodation fees for the 2023-2024 and 2024-2025 academic years, and existing student contracts remain valid.

Regulation on Market Surveillance and Inspection of Products Placed on the Market via Remote Communication Tools

- *Official Gazette dated October 30, 2024 and numbered 32707*



This Regulation sets out the obligations of economic operators, service providers and authorized bodies to ensure the safety of products placed on the market by means of remote communication. Products must comply with technical regulations and the necessary information must be provided to the end user before being placed on the market. Sales advertisements must include manufacturer or importer information, product specifications and safety warnings. In addition, economic operators targeting Turkey for distance sales are expected to offer options such as Turkish language, payment in Turkish Lira and shipment to Turkey. Competent authorities have the authority to conduct market surveillance and inspection of these products and to prevent access of inappropriate products via the internet or other channels.

Economic operators and service providers are obliged to support the inspection processes in terms of product safety in cooperation with authorized institutions. Intermediary service providers must ensure that the necessary information on products reaches the end-user and must remove content or block access in case of non-compliance. Furthermore, these operators are obliged to record all processes in the supply chain and make these records available upon request. The Regulation aims to protect the security of users while at the same time increasing the effectiveness of inspections.

Communiqué Amending the Value Added Tax General Implementation Communiqué (Serial No: 52)

- *Official Gazette dated October 30, 2024 and numbered 32707*

The amendments to the Value Added Tax General Implementation Communiqué include important updates in tax practices. The regulation of attorney's fees charged to the opposing party by the courts as self-employment income and the increase in the limit for refund claims from TRY 10,000 to TRY 50,000 provide more flexibility in practice. In addition, changes such as the exclusion of survey, plan-project, consultancy and audit services from the scope of optional full withholding tax are also noteworthy.

Other important amendments include updating the exemption provisions on the leasing of sea, air and rail transportation vehicles and eliminating the inconsistency between investment incentive certificates and VAT exemption certificates for institutions providing public services. In addition, the VAT exemption for immovable property donated after the earthquakes of February 6, 2023 will be valid until December 31, 2025. These amendments aim to ensure tax justice and increase uniformity in practice.

Amendment to Petroleum Market License Regulation

- *Official Gazette dated November 01, 2024 and numbered 32709*

The amendments to the Petroleum Market License Regulation clearly define the obligation of licensees to provide and maintain the minimum paid-in capital amount. According to this regulation, the licenses of licensees who fail to meet the minimum capital amount determined by the Board Decision will be terminated. This aims to increase the financial soundness of the businesses in the sector and encourage the creation of a sustainable structure.

The seventh paragraph of Article 7 of the Regulation stipulates that applicants for refiner, transmission, storage, processing, distributor and export license must be established as a joint stock or limited liability company by the Turkish Commercial Code. This regulation aims to ensure that license applicants comply with the legal framework and strengthen their corporate structures. Thus, players in the sector are expected to meet legal and financial standards.

These changes promote competition and professionalism in the sector by increasing the standards and requirements for license applications. Stricter standards may increase barriers to entry, but will also further professionalize the operations of existing businesses. This is intended to ensure long-term sustainability in the oil market.

Finally, requiring licensees to meet minimum capital requirements will contribute to strengthening supervision and oversight processes in the sector.

Decision of the Public Oversight, Accounting and Auditing Standards Board dated 22/10/2024 and numbered 75935942-050.01.04-[01/26802]

- *Official Gazette dated October 26, 2024 and numbered 32704*

This decision aims to provide additional footnote disclosures related to the Net Monetary Position Gains (Losses) item in the financial statements of entities applying Turkish Financial Reporting Standards (TFRS) or the Financial Reporting Standard for Large and Medium-Sized Enterprises (BOBİ FRS). The objective is to ensure that financial statements are presented fairly and better meet the needs of users.

In scope, entities that prepare inflation-adjusted financial statements in accordance with TAS 29 and BOBİ FRS Section 25 are subject to this regulation. In addition, entities that deal in a currency other than the currency of a hyperinflationary economy but whose subsidiaries are subject to these standards should also present these disclosures.

Entities should specify the financial statement items from which the Net Monetary Position Gains (Losses) arise and make the necessary disclosures. These explanations will be presented under the heading “Explanations on Net Monetary Position Gains (Losses)”. It is not mandatory to provide comparative information in the explanations to be presented for the first time.