



Amendments to the Communiqué on the Procedures and Principles Regarding the Application of Article 376 of the Turkish Commercial Code Will Provide Relief for Financially Distressed Companies

” Communiqué on the Amendment of the Communiqué on the Procedures and Principles Regarding the Application of Article 376 of the Turkish Commercial Code”, consisting of 6 articles, was published on the Official Gazette no.31346 dated 26.12.2020 and amended the previous Communiqué. The respective Art. 376 of the Turkish Commercial Code no.6102 [“TCC”] and the amended Communiqué on the Procedures and Principles Regarding the Application of Article 376 of the Turkish Commercial Code [“the Communiqué”] regulate capital loss and insolvency in companies.

- **Article 1** adds the phrase “caused by losses” to the heading of Art. 6 of the Communiqué, and amends the same Article by clarifying that the loss of half of the sum of legal reserves and capital occurs when “the losses are equal to or more than half and less than two thirds of the sum of legal reserves and capital”.
- **Art.2** amends Communiqué Art. 7 in accordance with the changes in Art. 6.
- **Art. 3** amends Communiqué Art. 8 regarding capital decrease and allows the share capital to be decreased to the regulated minimum capital in case at least two thirds of the sum of capital and legal reserves are uncovered, provided that at least half of the sum of legal reserves and capital are preserved as equity.
- **Art. 4** amends Communiqué Art. 9, stipulating that the loss recovery fund can only be utilised by covering capital losses.
- **Art. 5** amends Art. 10 of the Communiqué regarding capital increase. The Article stipulates that the capital commitments should be fulfilled in accordance with TCC Art. 344 and 585 in a capital increase following a capital decrease, and that an amount of capital commitments ensuring the preservation of at least half of the sum of legal reserves and capital should be fulfilled prior to registration.
- **Art. 6** amends Provisional Art. 1 of the Communiqué which allows for certain exemptions while calculating year-end losses in financial accounts. While only losses incurred from currency exchange rate fluctuations were originally exempt from the relevant calculations, the amendment added rental expenses, amortization, and staff expenses

accrued in 2020 and 2021 to the list of exemptions. Accordingly, companies can decide not to include such losses in their year-end financial accounts, and the decision not to list those losses should be indicated in a footnote.

The foregoing amendments to the Communiqué aim to minimise effects of the Covid-19 pandemic and to ensure continuity of the companies that were adversely affected by the pandemic.

Bu içerik yalnızca bilgi verme amaçlı olup hiçbir surette hukuki tavsiye niteliği taşımamaktadır.
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