

RECENT AMENDMENTS TO CAPITAL MOVEMENTS CIRCULAR OF TURKEY

Central Bank of the Republic of Turkey introduced new rules with regards to the foreign currency loans utilized from abroad or from Turkey for investments made within the scope of investment incentive certificates and monthly foreign currency loan utilization reports to be transmitted to the Ministry of Treasury and Finance.

On April 4, 2019, Central Bank of the Republic of Turkey (“**CBRT**”) has published amendments on the Circular on Capital Movements (“**Circular**”) with respect to the foreign currency loans (“**FX Loans**”) utilized from abroad or from Turkey with regard to the FX Loans extended for the investments made within the scope of investment incentive certificates and monthly reports transmitted to the Ministry of Treasury and Finance (“**Ministry**”) in relation to FX Loans. With the recent versions of the Circular, the following amendments have entered into force:

- As per Article 21/1.c of the Circular, Turkish residents who use FX Loans from Turkey or abroad within the scope of *investment incentive certificates* are exempted from the requirement to generate FX income. With the recent amendment, in order to prevent recurring utilization of FX Loans extended within the scope of investment incentive certificate, Turkish residents utilizing such FX Loan shall declare the FX Loan that is utilized based on the same investment incentive certificate, if any, accompanied with the date of utilization, total amount of FX Loan and the bank or financial institution that intermediates the use of such FX Loan.

The bank annotates a copy of the investment incentive certificate and the party utilizing the FX Loan shall sign the same copy. The information based on the declarations shall be further maintained in the respective loan documents, and the intermediary banks and financial institutions shall submit the information regarding the preceding month to the Risk Center of the Banks Association of Turkey (“**Risk Center**”) until the fifth day of the following month.

- As per the Circular, banks and financial institutions that either extend or intermediate to the extension of FX Loans from abroad are required to notify the data regarding FX Loans to Risk Center. With the recent amendment, the afore-mentioned data with regard to the FX Loans shall be consolidated by the Risk Center on a monthly and financial institution basis and submitted to Ministry until the fifth day of the following month.

With the recent amendments, CBRT brings forth new rules enhancing its control and reporting mechanism towards the FX Loans in Turkey.

CONTACT

Eryürekli Attorney Partnership

T: +90 212 365 9600

info@eryurekli.com

ABOUT THIS PUBLICATION

ERYÜREKLİ is a law firm incorporated in the form of an attorney partnership and registered by Union of Turkish Bar Associations with registration number 245.

This publication is provided by ERYÜREKLİ as a news reporting service to clients and colleagues. The information given in this publication does not necessarily cover every aspect of the topics with which it deals and should not be construed as legal advice.

Should you have any questions on issues reported in this publication, please contact your own counsel or [ERYÜREKLİ](#) for further information.