

Amendments to Decree No. 32

September 2018

Authors: [Naz Bandik Hatipoğlu](#) and [Nazlı Başak Ayık](#)

On 13 September 2018, the Presidency of the Republic of Turkey published new amendments to the Decree No. 32 on the Protection of the Value of Turkish Currency, imposing new restrictions on the use of foreign currency in domestic transactions.

With the amendments made to the Decree No. 32 on the Protection of the Value of Turkish Currency¹ (the “**Amendments**”), the determination of payment obligations in a foreign currency (or indexed to a foreign currency) has been prohibited for contracts between persons (both legal and real persons) resident in Turkey for the following subject matters:

- The purchase and sale of any kind of movable and immovable properties,
- Leasing of any kind of movable and immovable properties, including transport leasing and financial leasing, and
- Labor, service and construction.

With the current wording of the Amendments, the scope of “movable and immovable properties” is not clear. In other words, the scope is very broad and it is not known at the moment whether or not the purchase, sale or lease of intangible properties such as electricity shall be included in the restrictions. Due to the broad wording of “movable and immovable properties”, it seems that engineering, procurement and construction contracts (EPCs), operation and maintenance contracts (O&Ms), and share transfer contracts may also fall under the scope of the Amendments if they are signed between Turkish residents.

The Amendments clearly state that the restrictions in question will not apply in the circumstances determined by the Ministry of Treasury and Finance (the “**Ministry**”), which is in charge of the implementation of the Amendments. For the time being, the Ministry has not made any such determinations.²

The Amendments entered in force with their publication. However, the restrictions imposed by the Amendments will also apply to contracts concluded before the entry into force of the Amendments. Accordingly, the parties to contracts in the categories set out above that were concluded before the Amendments were published and that include payment obligations in a foreign currency (or indexed to

¹ Published in the Official Gazette No. 30534 and dated 13 September 2018.

² It should be noted that the Amendments will not apply to free-trade zones, which are excluded from the exchange legislation (*kambiyo mevzuatı*). Please see Article 6 of the Law on Free Trade Zones, published in the Official Gazette No. 18785 and dated 15 June 1985.

a foreign currency) are required to re-determine the relevant amounts in Turkish Lira, within thirty days as of today. One issue for the parties to determine will be the conversion rate for the foreign currency. Non-compliance with these requirements shall lead to the imposition of certain sanctions under the Law on Protection of the Value of Turkish Currency³. Further regulation by the Ministry is expected in the forthcoming days to clarify and determine the exact scope and conditions of these Amendments and their implementation.

Çakmak Avukatlık Ortaklığı

Piyade Sokak, No. 18
C Blok, Kat:3, 06550
Çankaya, Ankara - Turkey

T +90 312 442 4680

Zorlu Center, D Lobisi, T3 Katı,
Daire 348, Levazım Mahallesi,
Koru Sokak No:2 34340
Beşiktaş İstanbul - Turkey

T +90 212 939 7560

This information is provided for your convenience and does not constitute legal advice. It is prepared for the general information of our clients and other interested persons. This should not be acted upon in any specific situation without appropriate legal advice and it may include links to websites other than the website.

Çakmak Avukatlık Ortaklığı has no responsibility for any websites other than its own and does not endorse the information, content, presentation or accuracy, or make any warranty, express or implied, regarding any other website.

This information is protected by copyright and may not be reproduced or translated without the prior written permission of Çakmak Avukatlık Ortaklığı.

³ Published in the Official Gazette No. 1433 and dated 25 February 1930.