

JUNE 2023

Türkiye: Threshold Update on SMEs' Definition

The Regulation on Small and Medium-Sized Enterprises ("Regulation") was published in the Official Gazette on May 25, 2023, and entered into force on the same day. With the implementation of this Regulation, the previous one which entered into force on October 19, 2005, has been repealed.

The Regulation has introduced certain changes to the definition, qualifications, and classification of Small and Medium-Sized Enterprises ("SMEs"). Some of these significant changes are outlined below.

The criteria based on the number of employees have remained unchanged with regard to classification as to micro, small, and medium-sized enterprises. However, the criteria for financial status of the SMEs have been altered as follows:

- ▶ Micro enterprises are defined as businesses with fewer than ten employees and which have an annual net sales or financial balance sheet that does not exceed 10 million Turkish Lira,
- ▶ Small enterprises, on the other hand, are defined as businesses which have less than fifty employees and an annual net sales or financial balance sheet that does not exceed 100 million Turkish Lira,
- ▶ Medium-sized enterprises are defined as businesses with not more than two hundred and fifty employees and which have an annual net sales or financial balance sheet that does not exceed 500 million Turkish Lira.

The upper limits of annual net sales or financial balance sheet were 5 million, 50 million, and 250 million Turkish Lira, respectively.

Apart from the alterations on the thresholds, it is also specified that determination of enterprises' financial status and numbers of employees shall be based on the most recent annual calculated data available. Furthermore, only individuals employed under an employment contract shall be considered as employees in the relevant enterprise, and apprentices and student interns shall not be included.

CONTACT US

Beybi Giz Plaza No: 1 Office: 43
Maslak, Istanbul, Turkey
+ 90 (212) 215 30 00
info@gurulkan.com
www.gurulkan.com