

Activity Permits for Suspended Independent Audit Firms in Turkey Will Not Be Cancelled Due to Auditors Leaving

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Turkey's Public Oversight, Accounting and Auditing Standards Authority ("**Authority**") has declared that if an independent audit firm has its activity permit suspended, the permit will not be cancelled during the suspension period if the firm fails to satisfy its permit authorization conditions due to individual staff leaving. The Authority's decision recognizes that it is difficult for suspended audit firms to meet these conditions and retain the necessary staff during a suspension period.

Pursuant to Independent Audit Regulation ("**Regulation**"), independent audit firms must employ a certain number of independent auditors as partners, executives and/or auditors. In this respect, audit firms must:

- Employ at least two responsible auditors.
- Employ an audit staff with sufficient quality and size to form audit teams.
- Being possessed by auditors (more than 50% of its capital and voting rights).
- Have a management organ majority of it made up of audit firms' own auditors.

If an independent audit firm no longer meets these authorization conditions, its activity permit will be permanently cancelled.

However, with its latest announcement, the Authority declared that activity permits will not be cancelled during a suspension period due to the firm no longer satisfying one of the conditions above. It reasoned that suspending an activity permit is not equivalent to completely terminating activities.

Please see this [link](#) for the full text of the Authority's decision numbered 75935942-050.01.04 - [01/203], dated 10 November 2017, which was published in Official Gazette number 30242 on 16 November 2017. (only available in Turkish).

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