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Turkey Introduces Currency Control Measures on Domestic Contracts Involving Foreign Currency

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Turkey has introduced new contract rules, intended to protect the national currency's value. From 13 September 2018, certain agreements between parties which are both located in Turkey can only be made in Turkish Lira. Contracts entered before 13 September 2018 which contain payment obligations in foreign currencies must be amended and restated in Turkish Lira by 13 October 2018. The rule also applies to payment obligations which are indexed to foreign currencies.

The new currency rule applies to contracts for:

- Sale and purchase of movable or immovable assets.
- Rental of movable or immovable assets (including vehicle and financial leasing).
- Leases.
- Employment and service arrangements.
- Work/construction (eser sözle?mesi).

The Ministry of Treasury and Finance ("**Ministry"**) is authorized to announce exclusions for the new rules. The scope of the exceptions have not yet been determined. However, the Ministry recently announced that exclusions will be determined by taking into account the input costs and liabilities in foreign currency. Accordingly, the Ministry plans to introduce an exception for persons who are able to obtain foreign currency loans under the Decree No. 32 on Protection of Value of Turkish Lira.

Failure to comply with the new rules entails an administrative fine ranging between 6,300 and 52,600 Turkish Liras.

Decision numbered 85 by the President of Turkish Republic was announced in the Official Gazette number 30534 on 13 September 2018, amending Decree No. 32 on Protection of Value of the Turkish Lira. Please see this link for the full text of the Decision (only available in Turkish).

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