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Changes in the Independent Audit Criteria

The Council of Ministers' Decree on Determination of the Companies subject to Independent Audit (the "Decree") has been amended on 14 March 2014, being effective as of 1 January 2014 and the scope of the independent audit requirement has been widened.

The Decree now stipulates that the companies, standing alone or together with their subsidiaries, satisfying at least two of the below three criteria in two consecutive fiscal years are subject to independent audit as of the following fiscal year. The newly introduced criteria are as follows:

- The total of the assets of the company is equal to or above TL 75,000,000 (approximately USD 35,000,000) (*formerly TL 150,000,000*)
- Annual net sales revenue of the company is equal to or above TL 150,000,000 (approximately USD 70,000,000) (*formerly TL 200,000,000*)
- Number of the employees of the company is equal to or above two hundred and fifty (*formerly five hundred*).

Notwithstanding the foregoing, certain companies specified in the Decree are still subject to independent audit, regardless of the above mentioned criteria. These include, *inter alia*, (i) the companies subject to regulation and supervision of the Capital Markets Board; (ii) the companies subject to regulation and supervision of the Banking Regulation and Supervision Agency; and (iii) the media service providers owning national terrestrial, satellite and cable television.

Consequently, since the thresholds regulating the independent audit requirement are significantly lowered, it is expected that a greater number of Turkish companies will, now, be subject to such requirement.

Güner Law Office was established in 1996 and has since grown into one of the major corporate, M&A, banking, litigation, energy, TMT and capital markets practices in Turkey.

Contact

Ece Güner

Güner Law Office...

Levent Caddesi Alt Zeren Sokak No.7

Levent Istanbul 34330 Turkey

T +90 212 282 4385

F +90 212 282 4305

eg@guner.av.tr

www.guner.av.tr

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