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OBLIGATION TO PAY IN TURKISH LIRA HAS BEEN INTRODUCED IN THE SALE OF MOVABLE ASSETS

With the amendment dated 19/04/2022, it has become mandatory in sale of movable assets (including goods, excluding vehicles) to be concluded among Turkish residents, to pay and collect the contract price in Turkish currency.

The principles regarding the implementation are as follows:

1. It is still possible for Turkish residents to determine any sale price or contract price of movable assets f/x denominated or indexed to f/x.

However, after the amendment, it has become mandatory to fulfill and accept the payment obligations in these contracts in Turkish currency. In other words, it is no longer applicable to carry out the payment and collection of these amounts in foreign currency.

2. The amendment entered into force as of 19/04/2022.

3. The term “Movable assets” includes all kinds of goods and items that do not fall under the definition of immovable goods.

4. Payment obligations within the scope of invoices issued before 19/04/2022 can be carried out in foreign currency as in the past.

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5. Regarding the sale contracts concluded before 19/04/2022, the payments of these contracts through f/x denominated payment instruments entered circulation before 19/04/2022 can be still in foreign currency. However, it is not applicable to use checks and similar payment instruments issued in foreign currency on or after 19/04/2022 to carry out the payments within the scope.
6. In the relevant regulation, there is no explanation regarding the exchange rate to be considered in Turkish lira payments. Therefore, parties can freely determine the exchange rate to be taken as basis for payments. For instance, the parties may agree based on the exchange rates announced on the payment day by the Central Bank of the Republic of Turkey.
7. Payment obligations regarding movable asset sale contracts to be concluded between persons residing in Turkey and persons residing abroad are not within the scope of this regulation. These payments can be made in foreign currency as in the past.
8. The sanction for breach of regulation is administrative penalty. The current limits of the administrative penalty are determined as approximately **TRY 11,500 - TRY 100,200**. These administrative penalties are applied separately for each party of the contract and in duplicate in case of repetition.
9. The amendment does not make any changes regarding payment obligations related to contracts other than movable asset sales. The practices for contracts other than movable asset sales continue to be valid.

Kind Regards.