

Establishment of regional headquarters in Turkey and taxational assessment

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Multi-national companies' concentrating their activities in regions with economical, political and geographical similarities has created a necessity for setting up headquarters that are dealing with region-specific activities. Therefore, the structures of regional headquarters functioning as an administrative step between local companies and the international headquarter may be considered as a new stage of corporate evolution.

Taking the global trajectory into account, multi-national companies have been enabled to operate under the frame of "regional headquarters" so as to gain the benefits of opportunities emerging through this process in Turkey and take measures against risks. Regional headquarters are established in the form of liaison office in Turkey and they are able to operate without tax burden.

Turkey is a country preferred for regional headquarters particularly due to its closeness to distinct regions and accordingly having a practical communication network. The Ministry of Economy determined through a regulation that the management and coordination tasks performed by regional headquarters are considered within the scope of liaison office activities. The tax implementation on this regulation was confirmed through the taxational arrangements handled in 2016 as well.

When those regulations are taken into account; activities to be grouped under the wording of "management and coordination", identifying the titles and job definitions of the staff employed in regional headquarters, limited taxpayer institution's having both an affiliate (or a group company) and a regional headquarter in Turkey and costs within the regional headquarters may be identified as the matters that should be paid attention.

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