



Issue: 2008/3

January 25, 2008

## **DRAFT ACT ON FINANCIAL LEASING, FACTORING AND FINANCING COMPANIES**

Establishment and operating of leasing companies are regulated by the Leasing Act Nr. 3226 published in the Official Gazette dated June 28, 1985 and Nr. 18795 and establishment and operating of factoring and financing companies are regulated by the Decree Law on Lending Transactions published in the Official Gazette dated October 06, 1983 and Nr. 18183.

Nevertheless, as a result of the changes occurred in the financial sector and the requirements appeared in implementation, it is seen that these regulations are not adequate enough to allow the above-mentioned companies to carry out their activities in a reliable and efficient manner. Draft Act on Leasing, Factoring and Financing Companies is prepared in order to provide the mentioned companies to operate within the framework of legal arrangements meeting the contemporary requirements.

Within the scope of arranging the establishment and operating of the said companies under a single legal framework, the following issues are set up in the said Draft Act;

- Minimum paid-up capital to be owned by companies is arranged in compliance with the contemporary conditions.

- Required legal infrastructure for efficient surveillance and supervision of companies is implemented.

- The companies are made obliged to set aside provisions in order to cover their losses arisen or to arise from their receivables emanating from their transactions and it is provisioned that the whole of those provisions shall be assessed as expenditure in the determination of corporate tax base for the year they are set aside for.

- Professional experience condition is required for top-level executives of companies.

- Association of Financial Leasing Companies, Association of Factoring Companies and Association of Financing Companies having legal personality and as professional organizations having the nature of public institutions are established and it is obligatory for the companies to be a member of those Associations according to their concern.

- By establishing central invoice registration system in Association of Factoring Companies and registering the invoices subject to factoring to the system, double use of them shall be prevented.

- Administrative and judicial penalties are prescribed in order for the prevention of the transactions and implementations violating the legislation.

On the other hand, by abolishing the Leasing Law Nr. 3226;

- Definition of financial leasing transaction is complied with international standards.

- New provisions are introduced on subjects such as operational leasing, sub-leasing, leasing of software, sell-back leasing, and leasing transactions to be made from abroad to our country, period and registration.

- It enabled the contracts signed with lessees who are respondent to the notice are terminated by the leaser if the lessee does not pay three of the rental amounts included in the contract in a year.

- Regulation is made in accordance with the goods, which have become the supplementary or additional part of the investment are subject of the related leasing contract, together with movable or immovable goods subject to leasing.

- On condition that there is a provision in the contract, even if the good subject of contract has not yet produced or has not been delivered to the lessee, it enables collecting rental amounts as of the contract period.

The draft act is available on the official web-site of the BRSA,  
[www.bddk.org.tr/turkce/Mevzuat/Duzenleme\\_Taslaklari/4345finansal\\_kiralama\\_kanun\\_tasarisi.pdf](http://www.bddk.org.tr/turkce/Mevzuat/Duzenleme_Taslaklari/4345finansal_kiralama_kanun_tasarisi.pdf) .