

JURISDICTIONAL PROFILE: **Türkiye**

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This Profile provides information about the application of IFRS® Accounting Standards (Standards) in Türkiye. The Standards are developed and issued in the public interest by the International Accounting Standards Board (IASB). The IASB is the standard-setting body of the IFRS Foundation (Foundation), an independent, private sector, not-for-profit organisation.

The Foundation has prepared this Profile based on information from various sources. The starting point was the answers provided by standard-setting and other bodies in response to surveys the Foundation conducted on the application of the Standards around the world. The Foundation drafted the profile and invited the respondents to the survey. The Foundation also invited others (including regulators and international audit firms) to review the drafts. Their comments are reflected in this Profile.

The purpose of the Foundation's Jurisdictional Profiles is to illustrate only the extent of implementation of the Standards across the globe. The Profiles do not reflect the intellectual property licensing status of the Standards within any given jurisdiction. The Standards are protected by copyright and are subject to licensing arrangements agreed upon within their jurisdiction. For further information, please contact permissions@ifrs.org.

Profile last updated: 31 December 2024

RELEVANT JURISDICTIONAL AUTHORITY

Organisation	Kamu Gözetimi, Muhasebe ve Denetim Standartları Kurumu (KGK) [Public Oversight, Accounting and Auditing Standards Authority]
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Role of the organisation	KGK is responsible for setting accounting and auditing standards in compliance with international standards, approving and registering auditors and audit firms, inspecting their activities and taking appropriate action (enforcement authority) against auditors and audit firms that violate audit provisions and KGK's regulations.
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Website	http://www.kgk.gov.tr/
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Email contact	muhasebe.standartlari@kgk.gov.tr
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COMMITMENT TO GLOBAL FINANCIAL REPORTING STANDARDS

Has the jurisdiction made a public commitment in support of moving towards a single set of high quality global accounting standards?	Yes.
Has the jurisdiction made a public commitment towards IFRS Accounting Standards as that single set of high quality global accounting standards?	Yes.
What is the jurisdiction's status of adoption?	<p>Türkiye has already adopted IFRS Accounting Standards for the financial statements of all public interest entities. Specifically, the following entities are required to use IFRS Accounting Standards:</p> <ul style="list-style-type: none"> • companies whose securities are traded in a regulated market; • intermediary institutions; • portfolio management companies; • banks; • financial lease companies; • factoring companies; • financing companies; • insurance companies; • reinsurance companies; • pension companies; • asset management companies; • pension funds; • investment funds; • investment firms; • collective investment schemes; • credit rating agencies; • mortgage finance institutions; • housing finance and asset finance funds; • asset leasing companies; • independent audit companies; • real estate valuation companies; • central clearing institutions; • central depository institutions; • trade repositories; • financial holding companies; • payment institutions; • electronic money institutions; and • currency offices, precious metals brokerage houses and precious metals producing and marketing companies that are members of Borsa Istanbul.

Additional comments provided on the adoption status?

Entities whose securities are traded in a regulated market, intermediary institutions, and portfolio management companies were permitted to use IFRS Accounting Standards voluntarily as of 2003 and have been required to use IFRS Accounting Standards since 2005 with exceptions for financial institutions and insurance companies as explained in this section.

Banks have been required to use IFRS Accounting Standards since 2006.

Financial lease companies, factoring companies and financing companies have been required to use IFRS Accounting Standards since 2007.

Insurance, reinsurance and pension companies have been required to use IFRS Accounting Standards since 2008.

As of 31 December 2023 for financial institutions (including banks) the application of:

- IAS 29 *Financial Reporting in Hyperinflationary Economies* is deferred by the Banking Regulation and Supervision Agency of Türkiye until 1/1/2025; and
- IFRS 10 *Consolidated Financial Statements* is optional for the consolidation of non-financial subsidiaries.

As of 31 December 2023 for financial lease companies, factoring companies and financing companies:

- the application of IAS 29 is deferred by the Banking Regulation and Supervision Agency of Türkiye until 1/1/2025; and
- accounting for the impairment of financial assets in accordance with IFRS 9 *Financial Instruments* is optional.

As of 31 December 2023 for insurance, reinsurance and pension companies:

- the application of IAS 29 is deferred by the Insurance and Private Pension Regulation and Supervision Agency of Türkiye;
- IFRS 4 *Insurance Contracts* is not applied; and
- the application of IFRS 17 *Insurance Contracts* is deferred by the Insurance and Private Pension Regulation and Supervision Agency of Türkiye until 2025.

As of 31 December 2023 for investment funds, the application of IAS 29 is deferred by the Capital Markets Board of Türkiye.

The KGK took a board decision, which was published in the Official Gazette, that required public interest entities to apply IFRS Accounting Standards in their separate and consolidated financial statements. Thus, asset management companies, investment firms, collective investment schemes, credit rating agencies, mortgage finance institutions, housing finance and asset finance funds, asset leasing companies, central clearing institutions, central depository institutions, trade repositories, independent audit companies, real estate appraisal companies, financial holding companies, payment institutions and electronic money institutions have been required to apply IFRS Accounting Standards in addition to the abovementioned companies since 1 January 2013. Currency offices, pension funds, precious metals brokerage houses and precious metals producing and marketing companies that are members of Borsa Istanbul have also been required to apply IFRS Accounting Standards since 1 January 2013.

Other companies that are not included in the list specified in the decision are permitted to apply IFRS Accounting Standards.

If the jurisdiction has NOT made a public statement supporting the move towards a single set of accounting standards and/or towards IFRS Accounting Standards as that set of standards, explain the jurisdiction's general position towards the adoption of IFRS Accounting Standards in the jurisdiction.

Not applicable.

EXTENT OF IFRS APPLICATION

For DOMESTIC companies whose debt or equity securities trade in a public market in the jurisdiction:

Are all or some domestic companies whose securities trade in a public market either required or permitted to use IFRS Accounting Standards in their consolidated financial statements?

Yes.

If YES, are IFRS Accounting Standards REQUIRED or PERMITTED?

Required.

Does that apply to ALL domestic companies whose securities trade in a public market, or only SOME? If some, which ones?

All domestic companies whose securities trade in a public market are required to apply IFRS Accounting Standards except for banks; insurance, reinsurance and pension companies; financial lease companies; factoring companies; and financing companies (see the 'Additional comments provided on the adoption status' section).

Are IFRS Accounting Standards also required or permitted for more than the consolidated financial statements of companies whose securities trade in a public market?

Yes.

For instance, are IFRS Accounting Standards required or permitted in separate company financial statements of companies whose securities trade in a public market?

Yes, required.

For instance, are IFRS Accounting Standards required or permitted for companies whose securities do not trade in a public market?

Yes. Required for some and permitted for all others. See the 'Commitment to Global Financial Reporting Standards' section.

If the jurisdiction currently does NOT require or permit the use of IFRS Accounting Standards for domestic companies whose securities trade in a public market, are there any plans to permit or require IFRS Accounting Standards for such companies in the future?

Not applicable.

For FOREIGN companies whose debt or equity securities trade in a public market in the jurisdiction:

Are all or some foreign companies whose securities trade in a public market either REQUIRED or PERMITTED to use IFRS Accounting Standards in their consolidated financial statements?

Yes.

If YES, are IFRS Accounting Standards REQUIRED or PERMITTED in such cases?

Required.

Does that apply to ALL foreign companies whose securities trade in a public market, or only SOME? If some, which ones?

All.

IFRS ENDORSEMENT

Which IFRS Accounting Standards are required or permitted for domestic companies?

IFRS Accounting Standards as issued by the IASB.

The auditor's report and/or the basis of presentation footnote states that financial statements have been prepared in conformity with:

Turkish Financial Reporting Standards (TFRS), which are in full compliance with IFRS Accounting Standards.

Does the auditor's report and/or the basis of preparation footnote allow for 'dual reporting' (conformity with both IFRS Accounting Standards and the jurisdiction's GAAP)?

No.

Are IFRS Accounting Standards incorporated into law or regulations?

Yes.

If yes, how does that process work?

KGK publishes Turkish Financial Reporting Standards (TFRS), which are in full compliance with IFRS Accounting Standards, in the Official Gazette as regulatory Board decisions.

If no, how do IFRS Accounting Standards become a requirement in the jurisdiction?

Not applicable.

Does the jurisdiction have a formal process for the 'endorsement' or 'adoption' of new or amended IFRS Accounting Standards (including Interpretations) in place?

Yes.

If yes, what is the process?

KGK continuously updates TFRS based on new or amended IFRS Accounting Standards.

If no, how do new or amended IFRS Accounting Standards become a requirement in the jurisdiction?

Not applicable.

Has the jurisdiction eliminated any accounting policy options permitted by IFRS Accounting Standards and/or made any modifications to any IFRS Accounting Standards?

No, see the 'Additional comments provided on the adoption status' section.

If yes, what are the changes?

Not applicable.

Other comments regarding the use of IFRS Accounting Standards in the jurisdiction?

The KGK has published resolutions or guidance for specific approaches in which IFRS Accounting Standards permit accounting policy options or when companies request guidance for their practices. Related resolutions and guidance relate to:

- the format of financial statements and guidance for preparing these statements;
- the accounting for reciprocal interests;
- the accounting for business combinations under common control;

- the accounting for jouissance shares; and
- additional disclosures for deferred tax arising in the scope of the Investment Incentives System.

TRANSLATION OF IFRS ACCOUNTING STANDARDS

Are IFRS Accounting Standards translated into the local language? Yes.

If they are translated, what is the translation process? In particular, does this process ensure an ongoing translation of the latest updates to IFRS Accounting Standards?

Pursuant to the copyright agreement with the IFRS Foundation, the KGK translates IFRS Accounting Standards into Turkish in line with the translation policy of the IFRS Foundation. This process ensures an ongoing translation of the latest updates in IFRS Accounting Standards into Turkish.

APPLICATION OF THE IFRS FOR SMEs ACCOUNTING STANDARD

Has the jurisdiction adopted the *IFRS for SMEs* Accounting Standard for at least some SMEs?

No.

If no, is the adoption of the *IFRS for SMEs* Accounting Standard under consideration?

No.

Did the jurisdiction make any modifications to the *IFRS for SMEs* Accounting Standard?

Not applicable.

If the jurisdiction has made any modifications, what are those modifications?

Not applicable.

Which SMEs use the *IFRS for SMEs* Accounting Standard in the jurisdiction, and are they required or permitted to do so?

Not applicable.

For those SMEs that are not required to use the *IFRS for SMEs* Accounting Standard, what other accounting framework do they use?

KGK developed the *Financial Reporting Standard for Large and Medium Sized Entities* (BOBI FRS) based on the requirements in the EU Accounting Directive, the *IFRS for SMEs* Accounting Standard, FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* and local Turkish GAAP and published it in the Official Gazette on 29 July 2017. BOBI FRS is effective for reporting periods beginning on or after 1 January 2018.

BOBI FRS is a stand-alone standard of just under 300 pages, and comprising 27 sections, that sets out a cost-effective financial reporting framework for entities that are not required to apply TFRS, but that are subject to audit. It was designed to meet the financial reporting needs of large and medium-sized entities. Additional obligations were introduced for large-sized entities in line with the 'think small first' approach in the EU Accounting Directive.

KGK has also published the *Financial Reporting Standard for Small and Micro Entities* (KÜMİ FRS). The purpose of KÜMİ FRS is to ensure that the financial statements of entities that are not subject to independent audit in accordance with the Turkish Commercial Code, and that do not apply TFRS and BOBI FRS on a voluntary basis, provide fair, relevant and comparable financial information.

Other comments regarding use of the *IFRS for SMEs* Accounting Standard?

The 2009 *IFRS for SMEs* Accounting Standard has been translated into Turkish.