

Decree Amending the Decree on Determination of Companies Subject to Independent Audit Published

A. Introduction

According to the Decree Amending the Decree on Determination of Companies Subject to Independent Audit ("**Amendment Decree**") published in the Official Gazette dated 01 May 2025 and numbered 32887, the threshold values set out in the Decree on Determination of Companies Subject to Independent Audit ("**Decree No. 6434**") have been updated.

B. New Threshold Values Introduced by the Amendment Decree

In accordance with the Amendment Decree, the threshold values for the companies listed in Annex (II) of Decree No. 6434 have been updated as follows:

- Total assets 120 million Turkish Lira
- Annual net sales revenue 150 million Turkish Lira
- Number of employees 100

Another amendment introduced by the Amendment Decree is the update of the threshold values applicable to companies whose capital market instruments are not traded on a stock exchange or other organized markets but and which are not considered publicly held within the meaning of the Capital Markets Law No. 6362 dated 6 December 2012, as well as companies that are not included in the list numbered (II) annexed to the Decree No. 6434. The threshold values determined for such companies have been updated as follows:

- Total assets 300 million Turkish Lira
- Annual net sales revenue 600 million Turkish Lira
- Number of employees 150

Companies subject to threshold criteria will become subject to independent audit starting from the following accounting period if they exceed the threshold values of at least two out of the three criteria in two consecutive accounting periods.

In determining whether the threshold values have been exceeded, the financial statements for the last two years, prepared in accordance with the legislation applicable to the company, are taken as the basis for total assets and annual net sales revenue. For the number of employees, the average number of employees over the last two years is taken as the basis.

Another important aspect in determining whether the threshold values have been exceeded is the requirement to consider companies together with their subsidiaries and affiliates. Accordingly, for companies that have subsidiaries and affiliates, the sum of the relevant items in the financial statements of the parent company and its subsidiaries – after eliminating intra-group transactions, if any – is taken into account in terms of total assets and annual net sales revenue. With respect to the number of employees, the total of the average number of employees of the parent and its subsidiaries over the past two years is considered. Finally, in the case of affiliates, the relevant items are taken into account in proportion to the company's shareholding in the affiliate.

In addition to the updated threshold values mentioned above, it should also be noted that companies listed in List (I) annexed to Decree No. 6434 are subject to independent audit regardless of any criteria.

C. Conclusion

The amendments introduced regarding the threshold values applicable to companies subject to independent audit shall enter into

force on the date of publication of the Amendment Decree and shall be taken as basis for determining the audit obligations for accounting periods starting on or after 1 January 2025.

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