

Turkish Citizenship by Investment Program

Introduction

Over the past decade, the Turkish government has made significant reforms to attract and encourage foreign entrepreneurs to invest in Turkey. All such reforms mainly focus on liberalising the investment regime, aiming to boost inflow of foreign capital, including not only monetary capital but high-skilled human capital as well.

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As part of this policy, the reciprocity requirement, which forbids real property acquisition by citizens of countries that do not allow Turkish citizens to acquire property in those countries, was abolished in March 2012. A year later, a complete-new law on migration of foreigners was enacted, bringing important novelties concerning residence permits which streamline procedures for relocating to Turkey. In 2016, migration reforms were furthered with the passing of a brand-new law on work permit schemes, introducing the “Turquoise Card” which grants permanent work permit and residency to high-qualified professionals as well as to high-level investors and their dependents.

Efforts to lure foreign investment have reached to a new level with the launch of citizenship by investment program in January 2017. The program offers a variety of investment vehicles to choose from, including real property, bank deposit, sovereign bonds, real estate investment funds (REIFs) and venture capital funds (VCFs).

On 19 September 2018, to further capture the interest of foreign investors, the investment thresholds have been substantially lowered by the government, enabling investors and their families to acquire Turkish citizenship by investing as low as USD 250,000.

Investors who participate in the program have the opportunity to acquire Turkish citizenship together with their spouse, children under 18 years old as well as children who are over 18 years old but remain dependent due to their medical condition.

This article aims to outline the conditions with regards to the acquisition of Turkish citizenship by investment and to reflect the application procedure in light of the latest practice.

Conditions for Citizenship by Investment

The program offers foreign individuals 6 investment vehicles to choose from. The options are as follows;

- Purchasing real property in Turkey valuing at least USD 250.000,
- Depositing at least USD 500.000 at banks operating in Turkey,
- Purchasing government bonds of at least USD 500.000,
- Purchasing REIFs or VCFs of at least USD 500.000,
- Making fixed capital investment (e.g. purchasing assets such as land, plant, equipment and machinery etc.) in an amount of at least USD 500.000 for their business entities operating in Turkey,
- Hiring at least 50 employees for their business entities operating in Turkey.

Investors who opt for real property, bank deposit, government bonds, REIFs or VCFs are required to hold their investment for at least 3 years. To that end, the investor pledges not to withdraw or liquidate its holdings for 3 years, which is made in the form of a title deed restriction for real property acquisitions, or in the form of a written undertaking in case of liquid investments such as bank deposit. In this sense, the 3-year period does not constitute a precondition to gain eligibility for citizenship application. Instead,

failure to observe this period constitutes a ground for revocation of citizenship.

Although the monetary thresholds are specified in USD denomination, investors are free to use Turkish Liras or other foreign currencies in their investments so long as the USD equivalent of investment value meets the respective threshold condition. The effective selling rate and/or cross rates announced by the Central Bank of Turkey on the date the investment has been made are taken into consideration for determination of the value of investment in US dollar terms.

Once the investment has been properly made, the competent government authority issues a certificate verifying that the investment conditions have been met.

Application Procedure

Basically, the application process consists of two phases: (i) the application for residence permit, and (ii) the application for citizenship. Each of these two applications are filed with separate authorities; however, in order to facilitate the process, the government opened special offices in major cities which serve as single points of contact where both the residence permit and the citizenship application are filed.

Residence Permit

The residence permit is granted with a fast-track approach, requiring significantly reduced bureaucracy compared to the standard procedure. As part of the privileged treatment, once requested, the appointment for residence permit application is set for a couple of days hence; and what is more, the investor does not have to be physically present at the appointment if represented by a lawyer.

The required documentation for residence permit is as follows:

- ❖ Passport (or notarised translation of the passport copy)
- ❖ 4 passport-size photographs
- ❖ Valid health insurance
- ❖ The certificate verifying the investment

The application for residence permit is promptly approved by the officer receiving the file, unless a required document is missing. Thereupon, a residence permit card is issued by the Directorate of Migration and delivered to the investor in one month.

The residence permit is issued for a period of not less than one year and can be renewed as long as the investment is kept. In fact, it is more of a procedural step on the way to acquiring the citizenship as the program requires no minimum stay to gain eligibility to apply for citizenship, allowing investors to continue living abroad throughout the whole process.

Citizenship Application

Upon approval of the residence permit, the appointment for citizenship application can immediately be requested without need to waiting for the issuance or delivery of the residence permit card. The appointment is scheduled approximately for 15 days from the date of request. Similar to the application for residence permit, the filing of citizenship application can be made by a lawyer or an authorised representative without the presence of the investor.

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The noteworthy documentation required for residence permit are as follows:

- ❖ Notarised translation of the passport copy
- ❖ 2 passport-size photographs
- ❖ Birth certificate (or a similar document)
- ❖ A certificate verifying the marital status
- ❖ A certificate verifying the family bonds between the applicant, his/her spouse and children.

A similar set of documents must be prepared for each dependent wishing to acquire Turkish citizenship alongside the investor. Documents prepared in the applicant's country of birth/domicile need to be approved either by Turkish consulate or authenticated with apostille by the competent local authority if such country is a party to Apostille convention.

Once the citizenship application has been lodged, the applicant's information is investigated by the national security units including the police department and the national intelligence organization

by way of conducting a research in their archive records. If the outcome of the archive research proves that the applicant poses no threat to national security or public order, the application file is approved and the citizenship is granted by the Presidency.

Although the applications of the investor and his/her family members are filed all together at once, the examination is not conducted holistically for all the family members, subjecting each to separate processing.

The processing of citizenship application takes approximately 3-4 months as of writing this article. That being said, efforts are in place to reduce the processing to 45-60 days.

Implications of Citizenship Status

Investors participated in the program are endowed with full citizenship rights and responsibilities as if they earned Turkish citizenship by birth, including the right to vote and the right to be elected for public office.

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However, investors should not repatriate their investment in the first 3 years and should refrain from acts or omissions that would result in a loss of ownership of assets included in their investment before the completion this period. Otherwise, investors might be stripped of their citizenship status together with their spouse and children as the law authorises the issuing authority to revoke the citizenship in case the investor does not live up to his/her commitment to keep the investment for 3 years.

That being said, the program provides for the opportunity to make transitions between different investment options during the 3-year period, allowing investors to replace a certain kind of investment vehicle with another as long the threshold requirement and other conditions specified for the replacing investment vehicle are complied with. Besides, investors are free to enjoy the benefits generated by their investment, such as interest yield and rental income, throughout the entire process.

Conclusion

Turkey has long been broadening the channels for attracting foreign capital and the launch of citizenship by investment program marks the latest and undoubtedly the boldest attempt, given the country's relatively conservative stance towards naturalisation throughout its 95-year history.

Although some see it as a short-term stimulus measure to revive the economy that has recently been underperforming, it could also be interpreted as Turkey's move to take its share from the global citizenship industry. In addition to many advantages and opportunities the country provides, Turkey promises a huge potential for high net worth individuals seeking a second citizenship, thanks to its offering of the most competitive investment thresholds as well as the fast and smooth admission process.

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