

CASE BRIEF · TURKEY GAME STUDIO STRUCTURING

Joint-Stock or Limited Company?

The first structural decision for a foreign investor in Turkey.

2026 regulatory cycle

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Why the Choice Matters Now

The first structural decision a foreign investor makes in Turkey is the corporate form: Joint-Stock (A.Ş.) or Limited (Ltd. Şti.). This choice determines far more than the minimum capital — it draws the ceiling on the size the operation will reach five years later. Converting a misbuilt structure later costs multiples of starting it correctly from day one.

Three strategic dimensions: fit for funding rounds, employee retention instruments, and tax position on share sale. In Ltd. structure each of these is either absent or mechanically impossible.

Structural Comparison

Criterion	Joint-Stock (A.Ş.)	Limited (Ltd. Şti.)
Minimum capital	TRY 250,000	TRY 50,000
Authorized capital	TRY 500,000 (non-public)	Not applicable
Share transfer	Flexible; no notary or trade-registry filing required	Notary + share ledger + trade-registry filing required
Funding rounds (VC/PE)	High fit — institutional investor default	Low fit — complicates the investor process
Employee stock plans (ITA Art. 17)	Available — share-based wage exemption applies	Not available — Ltd. cannot issue share certificates
M&A fit	High — buyer-side default	Conversion required first
Tax on share sale	Conditional exemption (2-year holding + share certificates)	No exemption available
Board structure	At least 1 member; single-member possible	Manager / board of managers

Three Strategic Dimensions

Funding round fit. Is there a chance of additional capital, strategic partnership, or exit/sale within five years? VC and PE term sheets are written with A.Ş. as the default. A Ltd. company encounters conversion friction during due diligence — delaying the timing of the round at exactly the wrong moment.

Employee stock options (ITA Art. 17). Critical retention instrument in tech and games: the fair-market value of shares granted free or at discount to an employee — up to one year's gross wage of that employee — is exempt from income tax. This instrument is only available in an A.Ş. — Ltd. companies cannot issue share certificates and are out of scope.

***The hidden risk — clawback:** If the employee sells within 0–3 years, 100% of the exempted tax is clawed back; within 4–6 years, 75%; within 7–12 years, 25% — collected from the **employer** with default interest. In sectors with high personnel turnover, a 12-year holding shield is unrealistic; the option plan must book a provision and the vesting schedule must be tightly written into the contractual frame.*

Tax position on share sale. Capital gains on the sale of A.Ş. shares can be fully exempt from individual income tax — provided share certificates (or temporary share documents / ilmühaber) have been issued and the shares have been held for two full years. This mechanism cannot be legally set up in a Ltd. When an exit opportunity opens five years out, this difference can mean millions of TL.

Decision Framework

Scenario	Right structure
Foreign investor + global operation	A.Ş.
Funding round likely within 5 years	A.Ş.
Tech / game studio (option plan)	A.Ş.
Entity holding valuable IP or brand	A.Ş.
Single-person micro business, no exit goal	Ltd. (limited scenario)

In practice, >95% of foreign-capital structures are incorporated as A.Ş. The capital difference (TRY 250K vs 50K) is a small line item in an investment-decision context; every remaining dimension favors A.Ş.

The Cost of Starting Wrong

Converting a Ltd. to an A.Ş. is legally possible — but:

- **Time:** The conversion process takes 6–12 weeks (general assembly + Ministry of Trade review + registry filing).
- **Cost:** Notary fees, registration costs, audit report, and advisory fees total roughly TRY 50K–150K.
- **Operational drag:** During the conversion, friction emerges at banks, tax offices, and incentive institutions — even routine items like invoicing and tax-return filing can experience delays.

In a funding-round window, this 6–12-week delay can mean a financing opportunity closes. Built correctly from day one, this cost is zero.

Conclusion

For a foreign investor structuring a Turkish operation, the correct answer is, as a rule, **Joint-Stock Company (A.Ş.)**. The TRY 250K minimum capital is the only tangible cost ahead of the size the operation will reach five years later — every other parameter mandates this structure.

Decision checklist:

- Is a funding round goal within 5 years? → If yes, A.Ş.
- Is the business in tech / game / software? → If yes, A.Ş.

- Will you grant employee stock options? → If yes, A.Ş.
- Is an exit/sale scenario possible? → If yes, A.Ş.

If at least one of the first three is yes, the A.Ş. decision is closed.

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