

MAZARS IN TURKEY



“OUR SUCCESS DEPENDS ON YOUR SUCCESS”

At Mazars Denge we are guided by our philosophy. We always strive to establish a close connection with our clients, and to understand and forecast the movements in their industries. Thus, we pursue a proactive approach to meet and exceed your needs.

Whether big or small, without distinction, all our clients receive the same level of care directly from our experienced partners. That is how we differentiate ourselves, by providing a quality service customized to your specifications.

At Mazars Denge, we know only too well that “our success depends on your success.”

Leon Coşkun
Chairman



ABOUT MAZARS / DENGİ

Denge Group started out as an accounting firm with two partners in 1977. As we realized the importance of having an international presence, we became a proud member of a French company, Mazars, in 1998. With our membership in Mazars, we aim to enhance our servicing capabilities and technical know-how through a global network.

Today, Mazars Denge operates in seven offices: İstanbul (two offices), Ankara, Bursa, Gaziantep, Denizli and İzmir with over 300 professionals and is among the top five tax, audit and accounting firms in Turkey. We serve a portfolio of more than 600 clients in various sectors, of which 50% are foreign companies.

Mazars Denge won the “National Tax Award” for the Best Tax Firm of the Year in 2008 and 2011, as well as International Tax Review magazine’s “Best Transfer Pricing Firm” award for Turkey in 2009.

Since, we are committed to providing you with the highest quality service available on today’s market, we hire professionals with diverse skills and strong backgrounds, from distinguished institutions and organizations. First, we teach the technical expertise we have acquired over the years to these professionals. After a short period of preliminary orientation, we provide them with continuous job training under the supervision of our partners and managers. After the initial two years of core-level training, our professionals specialize in developing consulting and management skills for another two years of training.

Furthermore, we offer senior level managers the option to choose Mazars offices worldwide and participate in long-duration exchange programs.

AUDITING SERVICES

At Mazars Denge, audit teams consisting of members with diverse skills, and possessing in-depth technical knowledge, are ready to provide you with top quality of service.

We provide auditing services to a variety of sectors such as construction, textiles, pharmaceuticals, tourism, food and consumer goods, retailing, airlines, machinery, electronics, automotive, investment and banking, telecommunications, municipalities and governmental foundations, non-profit organizations, etc.

Established in 1988, our audit department was reorganised in 1998 and has operated since then, using all the facilities and programs of the Mazars' partnership.

Our audits are conducted in accordance with the International Standards on Auditing and include such tests of the accounting records and other auditing procedures and techniques as we consider necessary in the circumstances.

Range of Services

- Auditing financial statements in accordance with International Financial Reporting Standards (IFRS), Capital Markets Board of Turkey (SPK) regulations, Banking Regulatory and Supervision Agency (BDDK) regulations, energy market legislation, regulations of the Insurance Supervisory Board of the Undersecretariat of the Treasury, Turkish procedural tax laws, US GAAP and other country-specific accounting principles like German GAAP, Italian GAAP, French GAAP, etc.
- Restatement of financial statements in line with various accounting principles such as IFRS, US GAAP, German GAAP, French GAAP, and the corresponding establishment of financial reporting structures.
- Conversion of TL financial statements into foreign-currency financial statements (functional or reporting currency) in conformity with International Financial Reporting Standards
- Preparation of vendor and buyer due diligence reports for company mergers and acquisitions
- Assisting firms with valuing and accounting for their assets in the context of transactions and complex operations
- Preparation of compliance reports for meeting contract conditions and financial covenants during the loan utilization process
- Performance of fraud audits
- Corporate finance supporting services
- Performing other special purpose audits and consultancy services

Authorizations

- SPK (Capital Markets Board of Turkey)
- EPDK (Energy Market Regulatory Authority)
- Insurance Supervisory Board of the Undersecretariat of Treasury
- BDDK (Banking Regulation and Supervision Agency)
- On the short list of World Bank and IFC Projects
- Authorized by İstanbul Stock Exchange Market as GIP Consultant (Emerging Companies Market)
- Authorized by PCAOB (Public Company Accounting Oversight Board)

TAX CONSULTING AND CERTIFICATION SERVICES

Our tax consulting and tax certification services are provided by Sworn Financial Advisors and Turkish CPAs. Mazars Denge provides assistance in meeting all legal regulations for income, estate, payroll, sales and excise taxes.

We conduct periodical reviews and prepare detailed reports on risks inherent in the application of tax legislation. In addition, we prepare “circulars” on every major amendment in tax legislation and forward these to our clients regularly via e-mail.

Tax Certification Services

- Revision of legal books, documents and relevant financial statements within the framework of tax legislation
- Correction of mistakes and deficiencies discovered during due diligence
- Verifying the conformity of provisional tax returns with legislation
- Verifying the conformity of corporate tax returns with legislation and certification
- Preparing the annual corporate tax certification report
- Preparing tax examiner’s report for relevant tax periods

Other Certification Services

- Certification of paid-in capital
- Determining shareholders’ receivables to be added to capital
- Determining retained earnings
- Rating and certification of TÜBİTAK-TEYDEB project costs
- Certification of inflation adjustment positive effects added to capital
- Certification of revenue exemptions from corporation tax
- Certification of financial statements given to banks demanding credit and guarantee letters
- Certification of other transactions foreseen by procedural tax laws and Law No. 3568
- Preparing production certification report on Excise Duty (Special Consumption Tax) Law

Tax Consulting Services

- Providing financial consulting service
- Disseminating information about tax legislation amendments through circular letters
- Designing cost accounting systems and providing assistance for their implementation
- Reviewing year-end financial statements and advising on their presentation
- Preparing and/or controlling annual declarations
- Consultation regarding Foreign Capital, Incentives, European Community, Foreign Exchange and Free Zone Practices

Review Services

- Checking legal books from the perspectives of entry procedures and affirmation, within the framework of the Tax Procedure Law and Turkish Commercial Code
- Checking value added tax, withholding, stamp duty returns and Social Security declarations Examining personnel liabilities
- Checking outgoing invoices prepared by the company, and control of income and expense accounts with their accruals
- Checking chart of accounts being used with General Statements of Accounting Practices No. 1 and 2
- Checking other asset and liability accounts through sampling, within the framework of the accounting principles and taking into consideration their consistency, completeness and timeliness

VAT REFUND SERVICES

All VAT refund consulting services are provided and reports prepared with the utmost care by our experienced departmental staff of Chartered Accountants, CPAs, experts and auditing personnel. The VAT Refund Services Department addresses companies' VAT return demands.

Delivery of goods and services in Turkey is subject to VAT. However, for the following activities, VAT paid in Turkey is returned with the Chartered Accountant's report prepared after the review is conducted:

- Exportation of goods, deliveries on exporting condition and exportation of services as set out in Article 11 of the Value Added Tax Law and considered to be within the scope of full exemption in the same law;
- Production, construction and importation of aircraft and naval vehicles as set out in Article 13 and services provided for these vehicles; and international transportation activities set out in Article 14.

Returns of deliveries made pursuant to the provisions of international agreements within the scope of Article 19/2 of the Value Added Tax Law, and returns arising from delivery and service subject to the reduced rate within the scope of Article 29/0 of the Value Added Tax Law, are made in accordance with the Chartered Accountant's reports.

Our services cover the above-mentioned transactions, other exemptions giving rise to the right of return pursuant to the Value Added Tax Law, and the preparation of Chartered Accountant's reports required for defer cancellation of VAT for domestic transactions made within the scope of the inward processing authorization certificate.

During the process of Value Added Tax Refund, our department prepares the Chartered Accountant's reports following the determination of the VAT refund to be received by companies which may be entitled to receive such return, review of subsidiaries, adverse investigation and analytical due diligence.

Range of Services

- Regulating the relationship between the taxpayer and the tax office during Value Added Tax Refund process within the scope of tax administration regulations and prevailing legislation
- Timely preparation of the Chartered Accountant's report necessary for return and deduction transactions
- Providing consulting services for the solution of problems companies encounter in relation to VAT refund and deduction transactions

OUTSOURCING SERVICES

As Mazars Denge, our aim is to establish an accounting system that both fulfils the requirements of the law and supplies management with precise information. By partially or entirely outsourcing accounting departments, we offer an alternative to the formation of the accounting department and the obligation of making investments in personnel, expensive accounting software, computer equipment, etc. Also, all your accounting and payroll needs will be secured under the supervision of our technically skilled, experienced, professionally qualified and specialized teams, who will work alongside you. Within the scope of partial outsourcing, our services can be one of the following: accounting, reporting, payroll, accounting review services, or you can benefit from all these services in one package.

Accounting Services

- Establishing accounting and costing systems and organizing accounting departments
- Providing bookkeeping services under the supervision of our foreign language-speaking experts
- Year-end closing of the statutory books
- Preparation and declaration of VAT, Withholding Tax, Stamp Duty, Quarterly/Yearly Corporate Tax Declarations, etc.

Reporting Services

- All kinds of financial reporting, preparation of management reports, budgets, cash flows, etc. (US GAAP, IFRS, consolidation reports, etc.)
- Accomplishing other miscellaneous tasks and preparing special reports upon request.

Payroll Services

- Preparation of payroll
- Preparation of payroll slips and setting up payment orders via internet banking
- Preparation and declaration of Social Security and withholding tax declarations
- Following up on the payment process to verify whether salary payments are being timely made
- Advising on Social Security and labor laws

Accounting Review Services

- Checking the conformity of accounting records with GAAP and Turkish tax legislation
- Verifying the adequacy of the statutory books according to the Tax Procedures Law and the Turkish Commercial Code
- Preparation of tax declarations or checking tax declarations prepared by the company
- All kinds of accounting and tax consultancy

INTERNAL CONTROL SERVICES

In the recent economic environment, managing risks has increased in significance. Having a secure structure for organizations has become a significant issue for policy-makers, investors, suppliers and customers. The right internal control system adds value to an organization, increasing its competitive advantage in the market by maintaining the accuracy, control and discipline of internal operations.

Our Goals in the Internal Audit

- Controlling our clients' risks
- Maintaining efficient and effective operations
- Protecting assets
- Ensuring the efficient and economic utilization of resources
- Detecting minor issues and devising solutions before they become significant
- Protecting the company from the damage resulting from minor mistakes or intended fraud
- Providing reliable financial reporting
- Complying with outstanding policies

Services

- Providing internal audit services
- Preparing internal control procedures
- Analyzing existing internal control system and procedures, detecting discrepancies and making recommendations
- Applying internal control system procedures
- Auditing the application of internal control system procedures
- Preparing reports and recommendations for management
- Providing training related to internal audits

INTERNAL AUDIT SERVICES

Under current global economic conditions, the importance of internal control has grown rapidly. It is crucial for law-making authorities, creditors, investors and traders to choose a reliable company with strong foundations. An effective internal control system in any company ensures accuracy in internal operations, and establishes discipline to enhance efficiency within the company and thus increase competitive capabilities.

As Mazars Denge our mission is to...

- Control our clients' risks
- Increase the efficiency and effectiveness of operations
- Protect assets
- Ensure the efficient and economical utilization of resources
- Detect flaws from the beginning and correct them before they create problems
- Guard the company against vexations caused by mistakes or misconduct
- Provide reliable financial information
- Establish compliance with existing laws
- Effect adequate structuring to meet objectives

Range of Services

- Completely internal auditing
- Examining existing internal control procedures and systems, detecting incorrect applications, and making recommendations
- Devising and implementing internal control procedures
- Conducting audits pertinent to internal control procedures and preparing reports for management
- Providing training sessions related to internal audits
- SOX 404 compliance

CORPORATE ADVISORY

Structuring the Finance Department

Due to recent trends and the fast-changing business environment, organizations need to revise their understanding of management. The growth of national and international competitiveness has made costs as significant as earnings. Rapid changes in the economic conjuncture oblige organizations to integrate a culture of transparency and accountability in order to be managed efficiently and effectively. Organizations adapting rapidly to new circumstances are the ones with efficient and effective financial, IT, organizational and systemic infrastructures. Contributions to the management system and management decision-making tools have gained considerably in importance. In this manner, providing management with a speedy flow of quality-controlled data is essential.

In Turkey, most financial services departments (accounting and finance) are reactive by nature. They maintain books, and solve issues of corporate finance and tax (especially tax).

In real terms, financial services departments should function with a full understanding of operations, report all information related to the organization, and solve potential issues immediately. Any weakness in the information flow will create operational problems in the organization and, thus, inefficiency and loss of profit.

"What are the potential value-added operations of the financial services department?"

Value-added operations in financial services should be clearly defined.

The main responsibilities of the financial services department are to provide an efficient, accurate and updated infrastructure for a process of efficient decision-making management. In addition, the financial services department should support the decision-making process by analyzing existing information for future perspective.

To understand the effective infrastructure and value-added services concepts, the responsibilities of the financial services departments should be categorized into three main areas:

1. Operational processes (record keeping, etc.)
2. Operations requiring accounting and regulations expertise (tax calculations, etc.)
3. Reporting operations (budget, executive reporting, planning, etc.)

In Turkey, organizations are devoting the necessary attention to the first two functions with labor-incentive resources. However, they have not paid the same amount of attention to reporting.

One limitation of the decision support mechanisms is the organizations' lack of planning for the necessary technological infrastructure. Organizations can not verify investments made in the financial services department. The financial services infrastructure can be improved when organizations embrace the use of an Enterprise Resource Planning (ERP) system.

How to create "value-added"?

To achieve more effective financial operations services, processes for simplification and standardization need to be developed. In particular, standardization of the two functions stated above leads to efficiency and cost-saving in related business operations.

Training staff, reviewing and optimizing the processes, and restructuring the processes to suit the competencies of the staff will help create added value. Timely access to accurate information will thus enable the organization to operate effectively. This includes timely access to accurate management reports to transform the decision-making mechanisms into proactive – as opposed to reactive – forces. Influencing financial services in the decision-making process with accurate and up-to-date data is therefore the most significant factor in creating added value.

Due to various factors, implementing improvement processes can be difficult for an organization to handle. However, appropriate advisory services can make this easier. The most important part of the change is making sure the implementation of the changes becomes permanent within the organization. In short, the chief goal of the organization can be summarized as facilitating the adaptation to changes while making the changes permanent.

Organizational Structuring and Operational Improvement

Many organizations face operational challenges in spite of their size. The most common challenge organizations face is a limitation in the ability to update operations due to rapid growth or downsizing. On the one hand, there is a risk of inaccurate measurement of operational costs during a period of growth. On the other hand, during downsizing operations in periods of recession, organizations can experience a knowledge deficit due to human resources constraints.

Independent of their conditions, here are the main challenges organizations face:

- What are the proper analytical methods for measuring operational efficiency?
- How can organizational operations be made compatible with goals?
- What are the accurate levels for operational controls?
- Can the elasticity of the organization's processes handle the growth?
- How does organizational structure affect operations? How should it be?
- Is the infrastructure of the system adequate to support the existing and future needs of the organization?

Our experience has proven that organizations cannot be successful only by improving their processes and organization. Work culture, the employee performance system and indicators, and systemic dimensions have to be considered at the same time. Due to various needs emanating from organizations from different sectors, we identify the aims of the structuring process after discussions with executive management. We define the appropriate planning to achieve the proper structure and goals by analyzing the current situation, identifying the issues and pointing out the main reasons for any shortcomings.

WHO ARE MAZARS?

Mazars is an international, integrated and independent organization specializing in auditing, advisory, accounting, tax and legal services. As of 1st September 2012, Mazars has a direct presence in 71 countries, with more than 13,500 staff.

Mazars' main lines of business are the following:

- Accounting Advisory
- Actuarial Services
- Appraisals
- Auditing
- Certification
- Commercial Law
- Company Strategy
- Dispute Resolution & Arbitration
- VAT & Indirect Taxation
- Financial Advisory Services
- Human Resources Consultancy
- Internal Auditing
- Labor Law
- Management Consultancy
- Outsourcing Accounting
- SOX 404
- Tax Consultancy

LIST OF INDUSTRIES AND SECTORS WE SERVE

- Advertising
- Agriculture
- Airlines
- Automotive
- Cement
- Ceramics
- Chemicals
- Commissioners
- Computer
- Concrete
- Construction
- Cosmetics
- Detergent
- Diaper
- Dyeing
- Education
- Electrical Equipment
- Energy
- Finance, Investment, Factoring & Banking
- Food & Soft Drinks
- Forestry & Lumber
- Financial Advisory Services
- Human Resources Consultancy
- Internal Auditing
- Labor Law
- Management Consultancy
- Outsourcing Accounting
- SOX 404
- Tax Consultancy
- Graphic Design
- Healthcare
- High Technology
- Insurance
- Machinery & Equipment
- Oil & Gas
- Paper
- Photographic Products
- Plastics
- Printing & Packaging
- Public Sector Service
- Shopping Malls
- Tapestry
- Telecommunication
- Textile
- Tourism
- Toys
- Trading
- Transportation
- White Goods

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