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ON THE ISSUES OF PUBLIC-LAW LIABILITY OF COMPANIES IN UKRAINE AND TURKEY

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Abstract. Given the commitment of Ukraine and Turkey to European integration and their shared European legal traditions, the article examines the public-law obligations of legal entities in both countries. The purpose of the study is to identify the structure, parallels, and divergences between the two models of corporate liability, and to explain how the Turkish model can be adapted to address the problem of the lack of systemic regulation in Ukraine. The analytical framework, based on formal-legal, comparative-legal, system-structural, and functional methods, allows the authors to consider the public-law obligations of legal entities as a multi-level structure, rather than as a collection of separate institutions. The results of the study demonstrate that the Ukrainian model remains fragmented: administrative-economic sanctions, criminal-law measures, and sanctions related to national security, operate without the necessary internal coherence. The Turkish model, by contrast, has a hierarchical structure that includes distinct national security regulatory regimes, sectoral regulatory regimes, general administrative liability, and criminal-law measures. The scientific novelty lies in the reconstruction of public-law liability of legal entities as coherent systems within the two legal orders, identifying the lack of systemic coherence as an independent scholarly and practical issue, and in the proposals for applying the Turkish experience in practice (strengthening judicial discretion, clearly distinguishing types of public-law sanctions, and unifying procedures for the protection of corporate rights).

Keywords: Administrative-economic sanctions; Comparative legal analysis; Criminal-law measures; Legal entities; National security sanctions; Public-law liability.

Introduction

In the modern global economy, legal entities play a key role in market interaction, capital accumulation, and the implementation of strategic economic initiatives (Buhaichuk, 2022). At the same time, systems of public-law liability for businesses are increasingly important. Protecting public interests, economic competitiveness, consumer rights, and public trust in the rule of law must be balanced with the freedom of entrepreneurial activity (Podtserkovnyi & Vozniakovska, 2020). Corporate liability is particularly relevant in legal systems that undergo

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legal modernization, European integration, and increased security risks. Ukraine and Turkey are examples of such systems.

Turkey and Ukraine were chosen for a comparative study based on a number of methodological factors rather than by accident. Firstly, the countries in question share the legal tradition of continental Europe, wherein the notion of a legal entity and its liability is constructed on the basis of the private-law personality extended to the sphere of public law. Secondly, Turkey and Ukraine are equally oriented towards European integration. The former has held the status of a candidate country since 1999; the latter received its candidate status in 2022. This means that both states have to comply with certain EU standards of corporate liability, accountability, and governance (OECD, 2020; GRECO, 2023). Finally, both legal systems demonstrate similar approaches to the liability of corporations in the sphere of public law, involving a combination of national security-related mechanisms, administrative-economic penalties, and criminal law. In comparison to current members of the European Union, such as Germany and Poland, the corporate liability systems of Turkey and Ukraine could be considered transitional models. They are characterised by fragmentation and gradual development. For this reason, they are quite suitable for a comparative legal analysis aimed at detecting certain dynamics of change and reform. Institutions of public-law liability for legal entities developed in both countries in a fragmented way across separate legal domains, such as criminal, administrative, financial, and competition law, without forming a unified, coordinated model (Iakymchuk, 2021). This is one reason for the relevance of this study.

However, a deeper structural discrepancy in the state's conception of the role of legal entities within the system of public law responsibilities is reflected in the fragmentation of public-law liability, which is not just a technical legislative issue. The lack of a cohesive doctrinal framework increases the likelihood of arbitrary interference in corporate operations, selective enforcement, and legal confusion. In the context of economic stability and investment security, this makes the problem both practically pressing and conceptually significant. As candidate EU member states, Ukraine and Turkey are also obliged to follow European standards of corporate liability, transparency, and good governance (Shcherbyna, 2024).

The central scholarly problem is the lack of a coherent, methodologically structured model of public-law liability for legal entities in both Turkey and Ukraine. The comparative-legal knowledge about these models is also deficient within the European legal tradition (Karpuntsov, 2025). In particular, the absence of systematicity, clear hierarchies of liability, consistent enforcement mechanisms, and standards that distinguish criminal, administrative, economic, and other public-law measures, is as significant as the existence of individual norms on corporate liability. This study focuses on the social relations involved in the public-law liability of legal entities in Ukraine and Turkey, including the violation of public interests, economic order, competition laws, financial discipline, and sanctioning regimes. It examines the internal coherence, systematic structure, and adherence to European norms and principles of the rule of law in both legal systems, as well as the institutional processes, structural elements, and regulatory models applied to legal entities.

The article aims to present a comprehensive analysis of the public-law liability of legal entities in Turkey and Ukraine. It addresses the fragmented and uncoordinated nature of Ukrainian regulation, highlights structural and common features of both models, and proposes ways to adapt aspects of the Turkish approach to Ukraine. To achieve this, the study:

– examines the legal and historical foundations for creating legal entities and their public-law liability within the continental legal tradition, considering European influences on Ukraine and Turkey;

– analyzes the structure and foundations of the Turkish model of public-law liability, including administrative accountability, criminal enforcement, and sector-specific regulatory regimes;

– considers the Ukrainian model, including measures related to international sanctions and national security, administrative and economic sanctions, and criminal-law provisions;

– identifies structural similarities and differences between the Turkish and Ukrainian systems, focusing on judicial discretion, interactions between criminal law and administrative measures, the procedural status of legal entities, and the protection of corporate rights;

– develops proposals to improve the uniformity, transparency, and predictability of public-law liability for legal entities in Ukraine, considering the context of martial law and European integration, based on Turkish experiences.

The study applies a combination of comparative-legal, formal-legal, system-structural, and functional methods. The comparative approach is used to examine the public-law liability of legal entities in Turkey and Ukraine, including criminal-law measures, administrative-economic sanctions, and national security mechanisms. The formal-legal analysis allows assessment of statutory frameworks and the identification of inconsistencies between regulatory principles and enforcement practices. The system-structural method reconstructs public-law liability as a multi-level legal system and evaluates the interaction between its components. In addition, analysis of judicial practice in both countries helps identify differences between normative regulation and practical implementation. The combination of these methods provides a comprehensive basis for evaluating the coherence, effectiveness, and legal certainty of corporate liability mechanisms.

The theoretical basis draws on domestic and international scholarship on criminal measures against legal entities, corporate public-law liability, legal personality, administrative and economic sanctions, and regulatory regimes. The integrated and holistic methodology views corporate liability as a complex, multi-level structure rather than a set of separate regulatory actions. The study's novelty lies in using comparable but differently structured models ― financial, administrative, criminal law, and special business instruments ― to examine the public-law liability of legal entities in Turkey and Ukraine. For the first time, it reconstructs the multi-level structure of liability in both countries, examines the lack of systematicity reflected in regulatory conflicts, procedural uncertainty, and politicization risks, and provides recommendations for applying Turkish approaches to enhance judicial discretion, sectoral differentiation, and the institutional coherence of corporate liability mechanisms in Ukraine.

Overall, the article fills a gap in legal doctrine, where public liability of legal entities is often treated either in isolated legal domains, or separately from corporate legal personality. The comparative analysis of the Turkish and Ukrainian models provides a foundation for future theoretical reconsideration and legislative reform of the public-law liability systems in Ukraine.

AI-assisted technology (Grammarly) was used in the preparation of this article for checking grammar and spelling.

1. Theoretical and comparative approaches to the public-law liability of legal entities

A long-standing legal and historical issue is the public-law liability of legal entities. Early forms of collective legal personality, such as clans, collegia, and communities, are documented in ancient Roman sources, which include parts of the *Lex XII Tabularum* (Bruns, 1909). The concept of legal organisation developed further based on the foundational capacity to hold property. Savigny's perspective, presented in his book, is that a legal entity is an artificial subject capable of freely assuming liability, and forms a fundamental basis for the continental tradition (Savigny, 1840). The doctrinal foundation established in these works continues to influence approaches to corporate liability. Keskin (2024) thoroughly examines the application of security measures to firms under

Turkish criminal law, providing a detailed study of the liability of legal entities within contemporary Turkish legal research. Elements of corporate liability and conceptual issues regarding sanctions against legal entities are discussed by Centel (2016). Üçer (2010) analyzes practical aspects by highlighting approaches in Turkish legislation to exceptional measures applied to legal entities.

Article 60 of the Turkish Penal Code is analysed in multiple studies (Grand National Assembly of Turkey, 2004). Turkish courts clarify the requirements for implementing security measures, including the criterion of benefit to the legal entity. In competition law, Sanli and Ardiyok (2011) examine the foundations of Turkey's competition policy and corporate accountability mechanisms. Rathbone (2025) addresses the risks of extrajudicial interference, such as asset seizures and transferring businesses to state management.

Criminal-law measures for legal entities form a central topic in Ukrainian scholarship. Procedural methods for criminal proceedings against legal entities and questions regarding their procedural status are explored by Chernychenko (2020). Shynkaryov (2014) examines recent developments in criminal law concerning the implementation of criminal-law measures. Yashchenko and Kryzhanovskyi (2020) discuss the theoretical foundations and practical applications of these measures. Pasieka (2014) and Husarov (2019) consider conceptual issues related to the adoption of criminal-law measures, while Ablamsky & Yukhno (2016) analyse the participation of the representatives of legal entities in criminal proceedings. Administrative and economic sanctions are also examined in Ukrainian scholarship. Iakymchuk (2021) considers sanctions through the lens of international norms, Karpuntsov (2025) evaluates the risks of extrajudicial sanction mechanisms, Podtserkovnyi and Vozniakovska (2020) analyze the discretionary powers of the central bank, and Buhaichuk (2022) addresses regulatory elements of Ukraine's sanction policy. The application of administrative and economic sanctions, particularly under martial law, is examined by Shcherbyna (2024) and Podtserkovnyi and Voinarivskyi (2025).

The literature review shows that Turkish studies focus on criminal-law security measures, extrajudicial asset confiscation, and regulatory regimes, whereas Ukrainian doctrine thoroughly examines criminal law, administrative-economic sanctions, and national security mechanisms. However, there is a research gap: no comprehensive interdisciplinary and comparative study evaluates the public-law liability of legal entities as a unified, multi-level system or compares the Turkish and Ukrainian models. This article aims to fill that gap.

Important evaluations of corporate regulatory regimes are also provided by international organizations. In order to ensure corporate accountability, especially in anti-corruption frameworks, OECD publications highlight the necessity of strong enforcement procedures and proportionate fines (OECD, 2020). GRECO assessments draw attention to issues with judicial independence, transparency, and the efficacy of punishment systems in nations going through legal reform (GRECO, 2023). In order to prevent financial crimes involving legal entities, FATF recommendations emphasize the significance of asset freezing, confiscation procedures, and compliance systems (FATF, 2022). These global viewpoints verify that the problems found in Turkish and Ukrainian legal systems, such as fragmentation, lax procedural protections, and the possibility of selective enforcement are a component of more general structural difficulties seen in transitional legal systems.

2. Comparative analysis of public-law liability systems in Turkey and Ukraine

2.1. Historical and theoretical foundations of legal entities

The issue of legal entity liability is pressing in any country whose legal system separates management and business owners from the companies that formally embody their business in a legal sense. A close look at global legal practice shows that the very idea of legal personality in various legal relationships is grounded in the principle of separating business risks from the risks of its owners through the institutionalization of the legal

entity. Originally, this institutionalization focused on the property-based legal personality of certain organizations. Savigny (1840) formulated the classical approach, according to which the legal capacity of an individual extends to artificial subjects accepted solely on the basis of a fiction, and this concept continues to influence the contemporary theory of legal entities. The capacity of a legal entity to bear independent legal responsibility, including for violations of economic regulations, plays a central role in continental law, without which the concept would lose its significance.

The historical development of the concepts of a legal entity shows that countries adapt principles of legal personality and liability to their national legal traditions differently. A clear case of systemic transformation is observed in Turkey after Sharia law was discarded in 1926, and its legal framework was restructured under Atatürk's leadership according to the continental tradition, drawing heavily on Swiss, Italian, German, and French legal models. In Ukraine, whose independence was restored in 1991, the formation of contemporary approaches to legal entities similarly draws on the classical European tradition. Both countries share a reform experience oriented towards Europe, as they hold candidate status for European Union membership: Turkey since 1999 and Ukraine since 2022. However, after an active period of EU integration processes in Turkey, the negotiation process for fulfilling membership conditions effectively stalled after 2018. Although Ukraine also faces significant challenges in opening negotiation clusters, largely due to resistance from the recently departed Fidesz government of Hungary, legislative adaptation to EU law remains at an advanced stage of active implementation, despite the full-scale Russian invasion. This makes the comparative analysis of their legal approaches to corporate liability important not only to identify the strengths and weaknesses of each system but also to understand how continental legal concepts of legal entities are adapted in national legal systems, their impact on law enforcement practices, and broader trends in European law development. At this point, a systematic examination of how public-law liability functions in each country must replace broad theoretical concerns. This method enables the identification of formal legal provisions as well as the comprehension of their practical implications and systemic interactions.

2.2. Comparative institutional developments in Turkey and Ukraine

A study of the Turkish model and an analysis of the Ukrainian model of legal entity liability form the two main sections of the results. The Turkish model is analysed at three levels: i) specific regulatory regimes concerning labour relations, financial transparency, competition, and data protection; ii) criminal-law enforcement measures; and iii) administrative sanctions and procedures. This approach allows identification of a complex, multidimensional liability structure where criminal, administrative, and special laws interact. Turkish legislation governing the public-law liability of legal entities forms a mosaic, combining constitutional principles, criminal and administrative law provisions, and special commercial law rules for the economy. The principle of direct corporate liability lies at its core: a company is accountable for the acts of its organs, representatives, or employees, even if no individual is punished. This rule transforms the legal entity from an abstract construct into an independent actor bearing its own risks within the legal framework. The Turkish Penal Code draws a clear boundary: criminal liability is strictly personal (Grand National Assembly of Turkey, 2004). Legal entities cannot be subject to criminal punishment. Instead, criminal-law security measures serve as a form of substitute sanction. Article 20 of the Code establishes this idea as fundamental punishment that applies only to natural persons, while companies are subject to other legally-defined sanctions. Turkish law permits certain measures to be applied to legal entities but does not recognize them as punishments (Keskin, 2024). Security measures take the form of revocation of operating licenses issued by state authorities, and confiscation. In parallel, the Law on Misdemeanors establishes a universal base for administrative liability, explicitly providing for sanctions including fines for legal entities if the offence occurs within the scope of their activities (Centel, 2016).

Effectively, a bridge is created between criminal and administrative law through Article 60 of the Turkish Penal Code (Grand National Assembly of Turkey, 2004). This provides a broad range of instruments, from

confiscation of property or income derived from crime, to revocation of licenses or even forced liquidation of the legal entity. The latter measure is applied only in exceptional cases, when a company is effectively established to have committed crimes, or its management has systematically acted illegally. There is also a rule with no analogue in Ukrainian law: if such sanctions could result in consequences more severe than the crime itself, the judge may refrain from imposing those measures. Turkish legal scholars note that if such sanctions could cause unemployment for a large number of people, the court, following the principle of proportionality, may choose not to apply them (Üçer, 2010). This judicial discretion exists not only in the context of Turkish criminal law: notably, the Penal Code of Turkey provides similar measures under Article 60, and the court may decline to enforce them if they would result in more severe outcomes than the crime itself (Grand National Assembly of Turkey, 2004).

The Turkish system is particularly interesting due to the broad set of special laws enhancing administrative influence in different sectors. For example, the Turkish Competition Law allows authorities to impose fines up to 10 % of a company's annual turnover for cartel agreements or abuse of a dominant position (Grand National Assembly of Turkey, 1994). Similarly, the Turkish Personal Data Protection Law establishes administrative sanctions for violations of data processing rules (Grand National Assembly of Turkey, 2016). Labour Law (Grand National Assembly of Turkey, 2003) provides fines for violations of labour conditions and workers' rights, while the Law on Political Party Funding (Grand National Assembly of Turkey, 1983) prohibits legal entities from financially supporting parties, and sets substantial sanctions for such actions. Consequently, corporate liability in Turkey emerges as a complex network of general and special regulations covering nearly all areas of public interest. Judicial practice also plays a key role: the Supreme Court of Appeals (Criminal Court of Cassation) and the Council of State act as architects of law enforcement, clarifying the scope and content of administrative liability. While Yargıtay focuses more on harmonising criminal and administrative aspects, Danıştay often resolves disputes regarding sanctions imposed by executive authorities under special legislation. This demonstrates that the Turkish model of legal entity liability operates at the intersection of different procedures.

A multi-level system was created, where criminal law defines boundaries, administrative law ensures general applicability, and special acts of economic and financial legislation detail liability in sensitive areas of the economy and public life. The structure of public-law liability for Turkish legal entities can be summarised as follows:

– the Law on Misdemeanors No. 5326 establishes general administrative liability at the base level (Grand National Assembly of Turkey, 2005);

– criminal-law security measures under Article 60 of the Turkish Penal Code form the second level (Grand National Assembly of Turkey, 2004);

– regulatory regimes (labour law, competition law, data protection, and political funding regulation) form the third level.

The fragmented Ukrainian system of corporate civil liability consists of three main components: administrative and economic sanctions within specific areas of law, criminal-law measures against legal entities (Verkhovna Rada of Ukraine, 2014), and a separate block of sanctions concerning international restrictions and national security. Despite a formal systemic structure, these components are insufficiently integrated, creating enforcement challenges.

In actuality, maintaining these requirements involves a number of governmental entities. Administrative-economic sanctions are most commonly imposed in Ukraine by the National Bank, tax authorities, and the

Antimonopoly Committee of Ukraine (OECD, 2020). Common penalties include large fines, restrictions on economic activity, and licence revocation. For instance, antitrust violations may result in fines of up to 10% of yearly income, in line with EU precedents.

However, implementing such judgments often presents practical challenges. These include lengthy judicial appeals, uneven court processes, and difficulties enforcing fines on companies with complex ownership structures or foreign beneficiaries. Concerns about national security sanctions are further raised by the extrajudicial nature of rulings rendered by the National Security and Defence Council, which may reduce procedural safeguards for affected organizations (GRECO, 2023).

In Turkey, sectoral regulators and institutions like as the Savings Deposit Insurance Fund (TMSF) are crucial to enforcement, which is managed by courts and administrative bodies (FATF, 2022). Sanctions include things like asset confiscation, administrative penalties, and the transfer of companies under governmental control. Despite the formal effectiveness of these procedures, practical concerns include the potential for politicisation, a lack of transparency, and, in certain cases, a lack of court oversight.

In Ukraine, the public-law liability of legal entities remains one of the most controversial topics in doctrinal and law enforcement sources. It has been particularly acute in criminal justice, since, for a long time during the period when Ukrainian law was subordinated to the Russian Empire and Soviet legal doctrines, the principle of individualised punishment and the separation of legal entity liability from that of its founders or managers was strictly observed. Today, in Ukraine, these measures include fines, property confiscation, and liquidation, which are considered quasi-criminal enforcement measures by nature (Chernychenko, 2020).

Unfortunately, neither theoretical research, legislation, nor judicial practice have been adequately prepared for the relevant changes, signaling that modifying a single institution of corporate liability without considering the full scope of approaches to the legal status of the legal entity, its legal capacity, and its place in national civil, administrative, and commercial law is insufficient to create a fully functioning model of corporate responsibility. For example, it remains unclear whether the aforementioned measures constitute a separate form of retrospective criminal liability, or are an entirely distinct legal phenomenon. There are persistent conflicts between criminal proceedings and criminal-executive procedures in this area (Shynkaryov, 2014; Yashchenko & Kryzhanovskyi, 2020).

On one hand, criminal proceedings against a legal entity are not autonomous, as legal entities are not recognized as subjects of criminal liability. At the same time, the application of criminal-law measures is separated into a distinct section of the Criminal Code of Ukraine, among measures applied to natural persons (Verkhovna Rada of Ukraine, 2001); these measures are applied concurrently with criminal proceedings against the authorised individual acting on behalf of or in the interest of the legal entity, without even assigning a separate case number (Chernychenko, 2020). Moreover, no procedural status exists for the legal entity under criminal proceedings, raising questions about the possibility of systematically protecting the rights and interests of the legal entity distinct from the rights of the suspect, accused, or defendant (Ablamsky & Yukhno, 2016). The structure of public-law liability for legal entities in Ukraine consists of:

– criminal-law measures (fines, confiscation of property, liquidation);

– administrative and commercial sanctions (fines, suspension of activities, revocation of licences);

– financial and regulatory sanctions in areas such as taxation, antitrust, and other sectoral regulatory regimes;

– sanctions related to national security (asset freezes, suspension of business operations).

2.3. Comparative table and systemic analysis

The comparative analysis of the structures of public-law liability for legal entities in Turkey and Ukraine is presented below (Table 1).

Criterion	Turkey	Ukraine
Legal status of legal entities in criminal law	Legal entities cannot be subjects of criminal liability. Instead, criminal-law security measures apply (licence revocation, confiscation, liquidation).	Legal entities are not subjects of criminal liability, but criminal-law measures apply (fines, confiscation, liquidation) within criminal proceedings against authorised individuals.
Nature of sanctions	Security measures have public-law, preventive, and punitive effects, but are not considered punishments.	Quasi-criminal measures effectively perform a punitive function but have an unclear legal nature.
Judicial discretion	Courts may refrain from applying a sanction if it would cause consequences more severe than the crime itself (Art. 60(3), Turkish Penal Code).	Courts do not have discretionary power to refuse sanctions on proportionality grounds.
Administrative and special regulatory regimes	Complex system: competition law, tax law, labour law, data protection, political party funding. High integration and interaction between regimes.	Administrative and commercial sanctions exist in various specialised laws, but the system is fragmented.
Procedural status of legal entities	Legal entities are full participants in administrative and economic procedures; mechanisms for their involvement in law enforcement are clearly defined.	In criminal proceedings, no procedural status exists for legal entities, increasing legal uncertainty and complicating protection.
National security regulatory regimes	Asset seizure and transfer to the Savings Deposit Insurance Fund; a mechanism mainly applied in terrorism-related cases.	NSDC sanctions: asset freezes, prohibition of activity, termination of corporate rights; applied across a wide range of national security situations, and often criticised for lack of transparency.
Degree of transparency and predictability	Significant influence of political considerations in security cases after 2016; risks of requisition-like measures.	Fragmented regulation and absence of procedural status for legal entities reduce legal certainty; NSDC sanctions are also criticised for lack of transparency.
Overall institutional character of the model	Multi-level, integrated, with an active role of administrative authorities and cassation courts.	Hybrid, inconsistent, with coordination problems between criminal, administrative, and special legislation.

Table 1. A comparative analysis of the structures of civil liability for Turkish and Ukrainian legal entities

Based on the key aspects of regulation and law enforcement, it is essential to carefully examine the Turkish and Ukrainian models of corporate liability, taking into account the notable conceptual and procedural differences

between them. Presenting the data in a tabular format not only highlights the main similarities and differences between the two systems, but also allows for the identification of aspects of the Turkish experience that can be applied in Ukraine.

Differences in the logic of historical development and the degree of systematic legal regulation, have resulted in significant institutional and procedural distinctions between the Turkish and Ukrainian models of public corporate liability. At the same time, both systems feature a multi-level structure of responsibility, combining criminal, administrative, commercial, and sector-specific processes, as well as multiple regulatory regimes related to national security. For a deeper comparison of these models, the concluding section provides a theoretically grounded basis for evaluating the feasibility of integrating specific elements of the Turkish experience into the Ukrainian legal system.

3. Judicial enforcement, sanctions, and legal uncertainty in the public-law liability of legal entities

3.1. Causal links and liability standards (Turkey vs Ukraine)

Although Article 96 of the Criminal Code of Ukraine (Verkhovna Rada of Ukraine, 2001) and Article 60 of the Criminal Code of Turkey (Grand National Assembly of Turkey, 2004) provide for the application of formally similar criminal-law measures or security measures to legal entities through the actions of their managers or authorised representatives, an important conceptual difference exists between these systems. In Ukraine, the formulation committed on behalf of and in the interest of the legal entity emphasises that the assessment of measures against a company is largely based on the actions of its representatives, regardless of any indirect benefit to the entity. Researchers note that the mere fact that an authorised person commits certain crimes on behalf of a legal entity is grounds for applying measures against the entity, even if such actions were not to the benefit of the legal entity (Pasieka, 2014).

In contrast, in Turkey, security measures are applied only if the offence was committed for the benefit of the legal entity. The actual result for the company is the key consideration. The Turkish Court of Cassation clarified that the application of security measures requires determining whether the act was committed for the benefit of the legal entity in question. This approach links measures directly to outcomes, rather than solely to the status or authority of the manager, making the application of measures more concrete.

3.2. Judicial practice and enforcement differences

This distinction is clearly reflected in judicial practice. In Turkey, the Court of Cassation (Yargıtay), in its decision of 7 December 2015 (5th Criminal Chamber, E. 2015/10377, K. 2015/12777), emphasised that the application of criminal-law measures must be strictly linked to conditions defined by the law, and cannot be extended beyond the statutory framework, which in practice requires demonstrating a legally relevant connection between the offence and the legal entity.

Because there was no evidence of a benefit from the offence, the court in this instance declined to hold the legal organisation liable. In a similar vein, the Court of Cassation has repeatedly emphasized in another line of case law that there must be a direct connection between the illegal act and the legal responsibility that results from it. This is especially true in rulings like the 5th Criminal Chamber ruling (E. 2017/4011, K. 2020/11408), where the Court emphasized that liability must be based on a concrete and functionally relevant connection between the act and the legal subject (Court of Cassation (Yargıtay), n.d.).

When evaluating administrative sanctions imposed on legal entities, the Council of State (Danıştay) has also

placed a strong emphasis on the principles of proportionality and legal certainty (Council of State (Danıştay). These sanctions must be directly related to the company's operations and supported by unambiguous legal grounds. The court system in Ukraine takes a distinct stance. For instance, in its ruling on June 15, 2021 (case No. 761/4623/19), regarding the application of criminal-law measures to a legal entity under Article 96-3 of the Criminal Code of Ukraine, the Supreme Court (Criminal Court of Cassation) confirmed that such measures may be applied without proving direct benefit to the legal entity, instead concentrating on the actions of authorised persons acting on its behalf (Unified State Register of Court Decisions of Ukraine, n.d.). The case dealt with the application of criminal penalties on a legal entity for the activities of its authorised representatives in the absence of evidence of a direct financial gain.

However, due to unclear procedural regulations and challenges in demonstrating a causal connection between the offence and the legal body, Ukrainian courts often decline to implement such measures, indicating inconsistent enforcement. These cases show that the differences between the Turkish and Ukrainian models are evident at the level of judicial practice in addition to being doctrinal. The effectiveness of enforcement in intricate corporate structures where advantages are diffuse or indirect may be limited by this strategy, even though it increases legal certainty. It may also make it difficult to demonstrate the true benefit received by the legal entity.

This lack of a clear causal link between a manager's offence and the company's benefit partly explains why in Ukraine there are almost no cases of criminal-law measures applied to legal entities. Even where the grounds exist, courts often refrain from applying the relevant provisions (Husarov, 2019), largely due to judicial concern that the connection between the manager's crime and the entity's operations may not be direct and could be contested on appeal.

3.3. Sanctions, security regulatory regimes, and legal uncertainty

At the same time, following the large-scale Russian invasion and the imposition of martial law, Ukraine significantly expanded the use of sanctions against legal entities whose founders or ultimate beneficiaries are linked to the aggressor state or are subject to international sanctions. These measures are implemented under the Law of Ukraine "On sanctions" (Verkhovna Rada of Ukraine, 2014) and relevant decisions of the National Security and Defence Council, enacted by presidential decrees. Although not formally criminal-law measures, these sanctions have a quasi-punitive effect, including asset freezes, business suspension, and other significant restrictions.

The overall impact of corporate liability in Turkey on public order, as in many legal systems, is significant. The measures allow effective public oversight of companies. Since 2016, Turkey has increasingly used such measures to deprive individuals suspected of terrorism or corruption of business assets. The large-scale nature of these seizures, often resembling requisition, raises concerns about the political motivation of state economic policy and creates uncertainty for business activity. Researchers note that this process blurs the line between the rule of law and political expediency (Rathbone, 2025). Another challenge is the dual nature of proceedings concerning antitrust violations. The legal effect of decisions by the Turkish Competition Authority on court rulings reviewing complaints creates the risk of conflicting conclusions. This is particularly relevant in follow-on cases, with private claims based on previously established competition violations, where unclear rules for interaction between courts and the competent authority generate legal uncertainty (Sanli & Ardiyok, 2011). In both Ukraine and Turkey, these measures have drawn criticism from human rights organisations and researchers. They are often seen as incompatible with the rule of law: lacking transparency and alignment with international obligations, allowing punishment of individuals to bypass courts and lawyers, and conflicting with the principle of legal certainty (Iakymchuk, 2021; Buhaichuk, 2022; Karpuntsov, 2025).

A more favourable situation is observed in Ukraine regarding non-criminal administrative-economic sanctions defined in special commercial, financial, and environmental legislation. Even when the application of such sanctions is initiated administratively, for example, by the Antimonopoly Committee of Ukraine or tax authorities, the entry into force of the relevant decisions may be suspended by judicial appeal. This strengthens business protections related to the right to a fair trial, and the ability to for companies defend their interests in the context of complying with public rules of economic activity. However, many problems remain unresolved, including risks to the constitutional guarantees of property rights, and the lack of clear differentiation between administrative liability under the Code of Ukraine on Administrative Offences and administrative-economic sanctions (Podtserkovnyi & Vozniakovska, 2020; Shcherbyna, 2024). Although the regulatory framework for administrative-economic sanctions has recently changed due to the repeal of the Commercial Code of Ukraine and the dispersal of these sanctions across special laws, the core principles remain in force, even under martial law: the possibility of judicial appeal, application strictly on the basis of law, and the fault of authorised persons (Podtserkovnyi & Voinarivskyi, 2025). At the same time, there is no connection between the procedure for applying administrative-economic sanctions and measures of a criminal-law nature. For example, insufficient regulation of these measures may lead to confiscation of the legal entity's assets by the state, violating the rights of creditors, or to the initiation of liquidation of legal entities without any coordination with registration procedures established by the Law of Ukraine "On state registration of legal entities, individual entrepreneurs, and public associations" (Verkhovna Rada of Ukraine, 2003).

In summary, despite differences in the principles of criminal measures applied to legal entities, Ukraine and Turkey share several legislative shortcomings in the economic sphere. Both countries experience frequent legislative and regulatory changes and allow vague or overly broad discretionary powers for administrative or judicial bodies, which can permit *ex officio* dissolution or annulment of a company without clear standards. Businesses are exposed to unexpected enforcement, and the criteria for applying certain provisions, such as the consequences of criminal penalties imposed on managers, remain non-transparent. Procedural risks, including compensation and creditor claims, or activation of legal obligations in case of capital losses, further increase uncertainty for companies. All of this forces companies to act cautiously, sometimes restraining growth or postponing investments. Compliance and legal-strategy costs also increase, as companies must allocate more resources to legal assessments, insurance, and audits, raising overall business expenses.

An urgent need, to improve Ukrainian legislation on criminal-law measures applied to legal entities, considering Turkish experience, is granting courts discretionary authority to limit the application of liability measures if their consequences may be more harmful than the underlying offence that triggers them. This rule should also apply to administrative-economic sanctions more broadly. It is equally important to clearly distinguish criminal-law measures from other types of public liability, particularly administrative-economic sanctions, and sanctions applied under the Law of Ukraine "On sanctions" (Verkhovna Rada of Ukraine, 2014), to ensure legal certainty and avoid mixing punitive, preventive, and politically-motivated measures. To achieve this, the following steps are recommended:

– legislatively restrict extrajudicial sanctions to their original purpose: preventing national security threats and cases where the sanctioned person is outside Ukraine's jurisdiction;

– harmonise criminal-law measures with administrative-economic sanctions, ensuring that different legal bases for sanctions operate through a unified mechanism of confiscation, fines, liquidation (bankruptcy), and other organisational-legal burdens, while protecting the rights of creditors and third parties;

– strengthen the role of the judiciary in all cases where the public liability of a company leads to full or partial loss of property rights or termination (restriction) of economic activity, regardless of the formal label of the measure (criminal-law, financial, or administrative-economic). This suggests that in order to ensure consistent

corporate responsibility enforcement, both systems must overcome institutional as well as legal obstacles.

Conclusions

The study showed that although the development of civil liability of legal entities in Turkey and Ukraine followed different historical and institutional paths, both models share a common core problem: the absence of a comprehensive, coordinated, and systematic architecture of corporate liability, especially in areas where criminal-law, administrative-economic, and special regulatory mechanisms intersect. This demonstrates that the issue is a systematic shortcoming in the development of public-law responsibility as an integrated legal institution, rather than being restricted to specific legal gaps.

The Turkish model demonstrates a much more structured framework due to its multi-layered regulation, which includes a general administrative base, special security measures for legal entities in criminal law, and expanded sector-specific mechanisms of responsibility such as competition law, tax oversight, labour standards, and data protection. An important institutional element is the existence of judicial discretion, which allows courts to refuse sanctions if their consequences would be more harmful than the violation itself. This approach promotes flexibility and proportionality, while reducing the risk of excessive governmental interference in economic processes. Another significant element is the mechanism for transferring enterprises under the supervision of the Savings Deposit Insurance Fund in matters involving national security, although this mechanism was criticised for enabling overly broad administrative influence.

The Ukrainian model of the liability of legal entities is considerably more fragmented, despite having formal components of an integrated system. Criminal measures affecting legal entities are only partially integrated into criminal procedures, lack a clear procedural structure, and operate in parallel to proceedings directed at natural persons. The absence of a distinct system of national-security-related sanctions and the lack of clear differentiation between criminal and administrative-economic measures result in legal uncertainty and inconsistent application. Many sectoral and national security regulatory regimes are theoretically and procedurally incompatible, and businesses often lack adequate procedural guarantees.

The comparative analysis indicates that several elements of the Turkish model may be the most suitable for adoption in Ukraine: the introduction of judicial discretion in applying sanctions to legal entities when such sanctions may cause disproportionate harm; greater sector-specific detailing of liability based on the Turkish approach; enhanced judicial control over any measures affecting property rights or economic activity; and clearer separation between different forms of public liability, including criminal, administrative-economic, and national-security measures. This analytical framework not only enables a structured comparison of the two systems but also offers concrete directions for improving Ukraine’s model of public liability for legal entities while taking into account relevant elements of Turkish practice.

However, the Turkish legal system might potentially benefit from adopting some aspects of the Ukrainian model. A higher degree of procedural protection for legal entities is specifically provided by the stronger function of judicial review in suspending administrative-economic punishments and the formal opportunity to contest such actions in court. This experience should help improve Turkey's protections against excessive administrative discretion, particularly when it comes to matters of economic regulation and national security.

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