



DATASSIST

Payroll Services

2019 TURKEY FACT SHEET

Overview

Official Language	Turkish
Local Currency	Turkish Lira (₺) TRY
Number of Pay Periods	12
Fiscal Year	Jan 1st – Dec 31st
Population	82 Million
Workforce	23,3 Million (non-agricultural)
GDP 2018 (TUİK)	784 Billion Dollars
GDP per capita	9632 USD

GOVERNING LEGISLATION

- Labor Law, No. 4857**
- Social Security and Social Insurance Law, No. 5510**
- Income Tax Law, No. 193**
- International Workforce Law No. 6735**
- Trade Union and Collective Bargaining Law N. 6356**



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This document is solely informative and does not constitute legal advice. To the best of our knowledge, the information contained in this document is accurate and reliable as of January 2019; however, the information may be subject to legal changes, we do not assume any liability for the accuracy and completeness of the information.

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Employing Staff

STATUS/PERMISSION/ EMPLOYING STAFF

Joint stock companies based abroad may only be allowed to set up a branch company or a subsidiary by the permission of Ministry of Industry and Trade, and if they wish to employ staff they must set up a legal entity. Further, they may open liaison (representative) offices which are not engaging in commercial activities.

SOCIAL SECURITY REGISTRATION

Registering only upon hiring staff. Workplace's affiliated Social Security Institution (SSI) is notified as and when a new member of staff starts working for the company.

TAX REGISTRATION

Tax registration process is completed during legal set up of the company. Tax number is issued by the tax office - it is the same for both corporation tax and employee tax.

SSI REGISTRATION OF COMPANY

Employer should register in SSI on the same day they employ staff. Upon registration, companies will receive a social security registration number. Newly registered companies can notify new starters to the SSI in their first workplace report by the end of the first month.

NEW EMPLOYEE SSI REGISTRATION

The employer must notify the authorities of new starters immediately by submitting a notice of employment. The declaration shall be submitted online to the authorities one day before the start day at the latest.

Information required:

- *Copy of identity card*
- *Photos (standard passport size)*

DEREGISTRATION

Employee terminations must be reported within 10 days by filling in the online form on the SSI website.

USE OF FOREIGN CURRENCY

Last September the Government introduced some restrictions regarding the use of foreign currency, stipulating that some transactions and contracts between real persons or legal entities will be made in Turkish Lira.

However, these restrictions do not apply to the following entities and foreigners:

- Employment contracts concluded with the persons, who are residents in Turkey but do not have Turkish citizenship bond with the Republic of Turkey, can be arranged in foreign currency or indexed to foreign currency.
- Branches of foreign based companies, liaison offices, and foreign companies that have direct partnership with 50% or over shares, as well as the ones in free trade zones may arrange their employment and service contracts in foreign currency.
- Transactions and contracts made with real persons or legal entities based abroad can be arranged in foreign currencies.

ELECTRONIC NOTIFICATION

Electronic notification is a system that enables entities to get their communication through emails, text messages etc. instead of physical mails. In Turkey this system was introduced in 2016 for the income and corporate tax payers who were obligated to receive all the notifications sent by the tax offices. Now business entities shall obtain an electronic notification address from the post offices until 31 January 2019.

For detailed information please visit the related article in our website Turkish Labor Law:



ADMINISTRATIVE FINES

Administrative fines to be applied for various violations are increased 23.73% in 2019, in parallel with the revaluation rate determined for the new year.

Some of the main violations and monetary fines applied for them are as follows;

**Labor Law No. 4857
Administrative Fines**



**SGK (SSI)
Administrative Fines**



**2019 Fines for Illegal
Employment of
Foreigners in Turkey**



**Occupational
Health And Safety
Administrative Fines**



For detailed information please visit the related articles in our website Turkish Labor Law

LABOR LAW CONTRACTS & TERMINATION

EMPLOYMENT CONTRACTS

Although there are several types of employment contracts, permanent employees are usually employed under an (open-ended) employment contract for an indefinite period which has a start date but no specified duration or end date.

There is a legal requirement for contracts to be in writing if they are signed for a fixed term of one year or more.

In cases where no written contract has been concluded, the employer is under the obligation to provide the employee with a written document, within two months at the latest, showing the general and special conditions of work, such as the daily or weekly working time, basic wage and any wage supplements, time intervals for remuneration, duration if it is a fixed term contract, and conditions concerning the termination of the contract. For contracts with a fixed term of less than one month above stipulation is not applicable.

Telecommuting (remote work): is a written work relationship in which employees perform their work that is in the scope of employers' working organization, at home or out of the workplace by means of technological communication instruments.

FLEXIBLE WORK / PRIVATE EMPLOYMENT AGENCIES

Employers may hire temporary employees by applying to private employment agencies, however, activity areas of private employment agencies and time periods allowed for temporary employment are quite limited when compared to applications abroad.

Authorized private employment agencies can establish a temporary employment relationship by transferring its employees to the employer with a temporary employment contract in the following circumstances;

- During the suspension period of a continuing work contract of employees who cannot perform their work for the employer because of pregnancy, military service, annual leave, or sickness
- In seasonal agricultural work
- In domestic jobs, without any time limit
- In some specific work that is deemed out of the establishment's everyday main work routine, performed in a short time and with intervals, for 4 months at the most
- In the maintenance of emergency work with regard to job safety or in the circumstances of force majeure that affects the production considerably, for 4 months at the most
- In case of an unforeseen increase in the work load of the establishment, for 4 months at the most
- In periodic workload increases, 4 months at the most, with the exception of agricultural work

For detailed information please visit the related article in our website *Turkish Labor Law*



Termination of Employment Contracts

Legal requirements: Both parties can terminate the employment by mutual agreement. Employee or employer can terminate an open-ended employment contract, on the condition that required notice period is given to other party.

In companies employing thirty or more employees, job security provisions also apply for employees who have a minimum seniority of six months, and those employees whose contracts terminated without a valid reason such as the capacity or conduct of the employee or based on the operational requirements of the establishment or service may resort to arbitration before filing a lawsuit. Please see Compulsory arbitration in labor disputes on page 33.

This article shall not be applicable to the employer's representative and his assistants authorized to manage the entire enterprise as well as the employers' representative managing the entire establishment but who is also authorized to recruit and to terminate employees.

You may find the just causes for both employees and employers in the following paragraphs or also in our website *Turkish Labor Law*.



SSI Codes for
Termination of
Employment

NOTICE PERIOD

The minimum notice period will depend on the number of months worked as shown below:

- Less than 6 months 2 weeks
- 6 month to 1.5 years 4 weeks
- 1.5 years to 3 years 6 weeks
- More than 3 years 8 weeks

Notice periods can be substituted by payment in lieu.

The employer may terminate the employment contract by paying in advance the wages corresponding to the term of notice. Under certain circumstances, the employer and employee can terminate the employment agreement without notice.

TERMINATION / SEVERANCE / REDUNDANCY PAY

An employee who has worked at least one year is entitled to severance pay under the following conditions*:

- Where employee terminates the contract for just cause, such as for reasons of health, immoral or dishonorable conduct by the employer and force majeure
- Where Employer terminates the contract without a valid reason (the reasons other than for malicious, immoral or dishonorable conduct or other similar behavior specified in the Labor Act)
- Leaving the workplace due to the compulsory military service (for males)
- Leaving in order to receive an old age pension, pension fund or disability insurance pension or to receive a lump-sum payment from the statutory institutions or retirement funds
- Leaving voluntarily in order to receive partial pension (after completing 3,600 premium days and 15 years of insurance period - under certain conditions)
- Where the female employee terminates the contract voluntarily within one year following the date of marriage
- In case of death of the employee

**Detailed information can be found in our website Turkish Labor Law that includes English version of Labor Law, Article 24.*



AMOUNT TO BE PAID AND CALCULATION/CAP

Employees who qualify shall be paid a severance pay equal to the last 30 days' gross wages for each full year of employment. For a portion of a year, pro rata payment shall be made.

In calculation of the last 30 days' wage, the money paid and some contractual and statutory benefits in kind provided by employer shall be taken into account. There is a cap for severance pay and it is 6.017,60 TRY/year for the first half of 2019. However, this limit may be increased by provisions of employment contracts.

However, there is no severance pay cap amount for press employees. They will be paid a severance pay equal to last 30 days' gross wages for each full year of employment.

Severance payment is subject to stamp tax only, no income tax is applicable.

EMPLOYER'S RIGHT TO TERMINATE WITHOUT SEVERANCE PAY

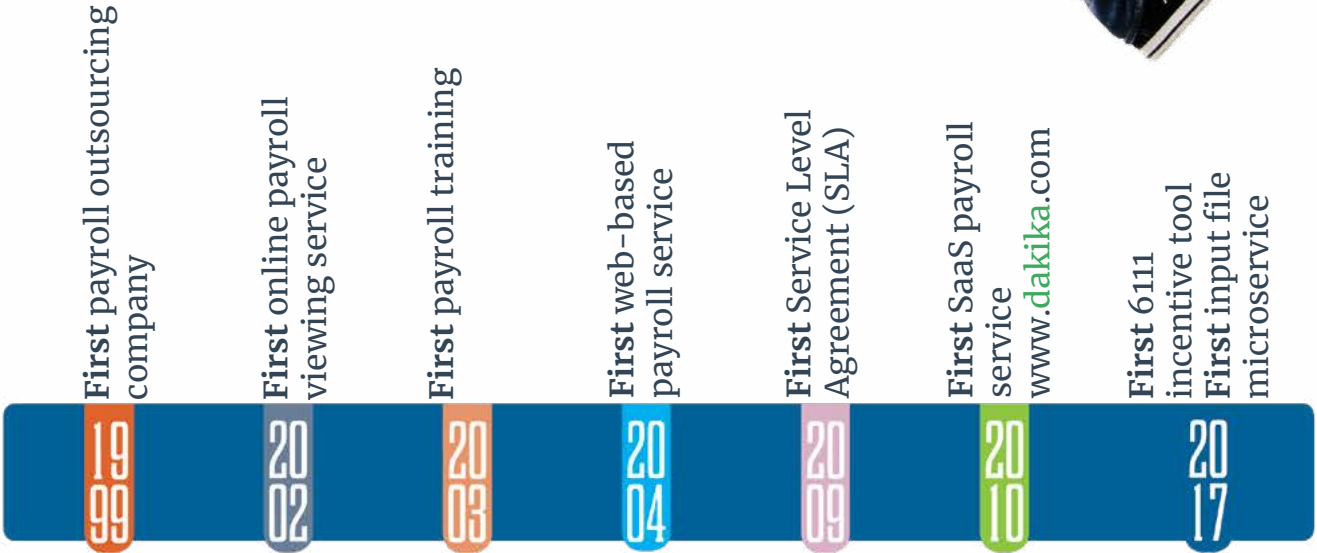
The employer may break the contract, whether for a definite or indefinite period, before its expiry or without having to comply with the prescribed notice periods, in the following cases**:

- For reasons of health
- For immoral, dishonorable or malicious conduct or other similar behavior
- Force majeure
- If the employee's absence from work exceeds the notice period due to being taken into custody or being arrested
- Violation of occupational safety by the employee

**Detailed information can be found in our website *Turkish Labor Law* that includes English version of Labor Law, Article 25.



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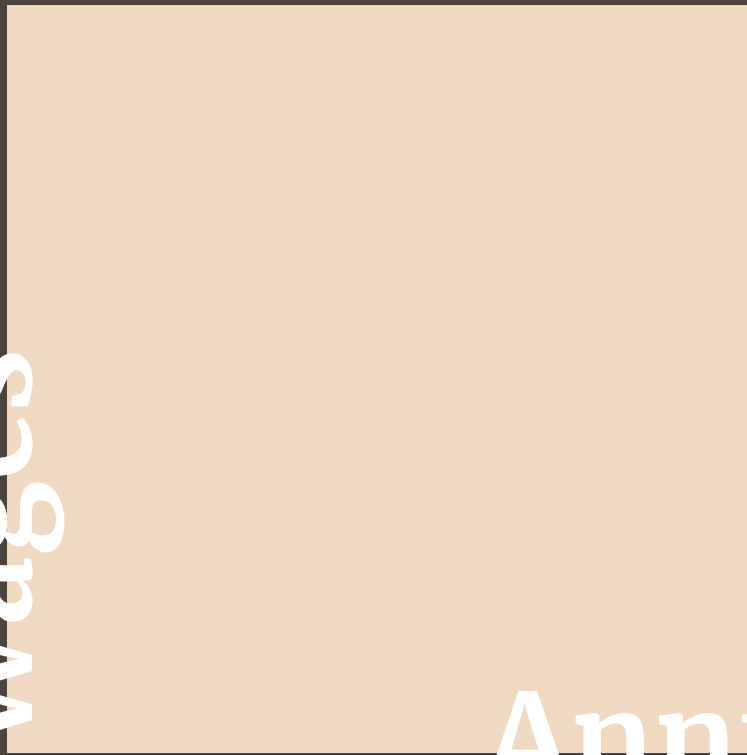
Eskisehir
Odunpazari

Bursa
Nilufer

Samsun
Teknopark

Working Time

Wages



Annual
Leave

WORKING TIME

Forty-five hours maximum weekly. Generally spread over six-days of the week so as not to exceed seven and a half hours per day. By mutual consent weekly working time may be divided differently.

REST DAY

As a rule Sunday is a rest day, however, some workplaces are allowed to work on Sundays with a permit.

LABOR COST OF EMPLOYERS IN 2019

Turkey's monthly gross minimum wage is increased from 2,029.50 to 2,558.40 with a monthly 26% wage increase.



BANKS AND OFFICES

Banks and some offices work 5 days a week, taking the Saturday and Sunday as weekly rest days.

MINIMUM WAGE

TRY Gross: 2.558,40

TRY Net: 2.020,91

Employers will be receiving premium refunds as part of a government minimum wage support for workers whose wages (earnings subject to premium) are notified under a certain amount throughout 2019. The support amount is monthly 150,00 TRY for the companies with less than 500 employees and 100,00TRY for the ones with over 500 employees.

ANNUAL LEAVE

Employees are entitled to annual leave upon completion of at least one year of service, including the trial period.

Periods of Leave

Paid Annual leave entitlement is based on the length of service.

- 1-5 years (included) : 14 days
- 5-15 years : 20 days
- More than 15 years (included) : 26 days

However, employees aged 18 and younger and aged 50 and older are entitled to a minimum of 20 days. In addition, employees are also allowed to take up to 4 (four) days' leave without pay, on the condition that the employee provides evidence that they are spending their annual leave at a place other than where the work place is located. Employee's wage, pertaining to the period of annual leave, should be paid in advance or by raising an advance payment prior to commencement of the leave.

Leave periods may be divided by mutual consent, provided that one of the parts shall not be less than ten days.

If the employee leaves before completing one years of service there will be no annual leave on pro rata basis.

As a rule annual leave should be used in the relevant leave year. However, in practice some employees, for some reasons, may prefer to carry forward their annual leave to following years.

An employee neither can waive his right of vacation nor can s/he engage in gainful employment during this period.

Otherwise they may be asked by their employer to reimburse the annual leave remuneration paid in advance.

Increased annual leave entitlement and annual leave on pro rata basis can be granted through employers and collective agreements.

2019 Payroll Parameters

APPLICATION NAMES	TRY
Daily Minimum Gross Salary	85,28
Monthly Minimum Gross Salary	2.558,40
Monthly Net Minimum Wage - MLA Included	2.020,91
Monthly Net Minimum Wage - without MLA	1.829,03
Daily SSI Premium Earnings Base / Minimum Limit	85,28
Daily SSI Premium Earnings Base / Maximum Limit	639,60
Monthly SSI Premium Earnings Base / Minimum Limit	2.558,40
Monthly SSI Premium Earnings Base / Maximum Limit	19.188,00
Child Allowance Exception / SSI (2% of min. wage)	51,17
Child Allowance Exception/Income Tax (Over 6)	32,65
Child Allowance Exception/Income Tax (Ages 0-6)	65,30
Family Allowance Exception / SSI (10% of min. wage)	255,84
Daily Meal Allowance Exception / SSI (Cash)	5,12
Daily Meal Allowance Exception/Income Tax (Meal Card)	19,00
Private Pension+ Private Health Insurance Premium Exception/ Premium earning base	767,52
Taxable Income Bracket /% 15	0 – 18.000
Taxable Income Bracket /% 20	18.000 – 40.000
Taxable Income Bracket /% 27	40.000 – 148.000
Taxable Income Bracket /% 35	Over 148.000
1st Grade Disability Income Tax Reduction	1200
2nd Grade Disability Income Tax Reduction	650
3rd Grade Disability Income Tax Reduction	290
Severance Payment Limit (TRY/Year)	6.017,60
Stamp Tax Rate	0,00759

2019 Payroll Parameters

MLA (Minimum Living Allowance)	TRY
Marital Status	Monthly MLA Amounts
Single/Spouse working + 0 child	191,88
Single/Spouse working + 1 child	220,66
Single/Spouse working + 2 children	249,44
Single/Spouse working + 3 children	287,82
Single/Spouse working + 4 children	307,01
Single/Spouse working + 5 children	326,20
Married+Nonworking Spouse+0 child	230,26
Married+Nonworking Spouse+1 child	259,04
Married+Nonworking Spouse+2 children	287,82
Married+Nonworking Spouse+3 children	326,20

Incentives and Supports

In recent years the Turkish government launched many incentives and supports in order to encourage businesses to create new employment, as well as eliminate the regional imbalance.

Some of the important incentives are as follows. You can get detailed information through the related links.

- Incentive Law No. 5510; employers' contribution is 20.5% but they are given a %5 premium deduction.

- Incentives for Employing Women and Youth (Law No. 6111)



- Regional Incentive



- Support for Additional Employment



- 3 Months Additional Employment Support For Employers



- Support for Project-Based Investments



- R&D Support



Allowances

BENEFITS IN KIND

These include items such as meal allowances (cash or voucher), travel allowances, petrol, company car (provided to executives only), house rental (top executives), and company products. These benefits and allowances, up to an amount or a percentage are exempted from tax and social security premiums.

DEATH, MARRIAGE, BIRTH BENEFITS

Not subject to SSI premiums. Up to two months salary is exempt from income tax and any partitions exceeding this are subject to tax.

CHILD ALLOWANCE

Not subject to SSI premiums. Exempt from income tax. This exemption is applicable for a maximum of two children and limited to the settled amount received by the government employees.

SHARE OPTIONS

Share schemes are not common practice. In case the employee is provided with a company share, the share will be subject to income tax based on the difference between the price paid for the share and its market value at exercise (on the market value at the date of cash in), and related withholding tax return will be submitted to the tax office by the company even if the employee has already left employment.



UNIFORM AND CLOTHING PROVIDED FOR EMPLOYEE TO WEAR IN THE WORKPLACE

Considered as business expenses; not included in payroll, not subject to SSI premiums, exempt from income tax.

SERVICE VEHICLE FOR EMPLOYEES

Transportation expenses incurred by the employer for joint transportation of employees to and from the workplace are not subject to SSI premiums and income tax.

COMPANY CAR

(For executives or as part of one's job). Not subject to SSI premium. Subject to income and stamp tax.

MEAL ALLOWANCES

- Meals provided on the premises are exempt from income tax, and not subject to social security premium contributions. However, these will be included in the calculation of severance pay base
- Money paid to employees for their meal: subject to income tax , only the daily amount of this payment, 5,12 TRY (6% of daily gross minimum wage for 2019) is not subject to premium contributions
- Supplying foodstuff: subject to income tax, not subject to premium contributions
- Providing meal voucher/checks for physically worked days: up to 19,00 TRY daily (for 2019) is exempt from income tax; not subject to premium contributions

Absences

MATERNITY LEAVE

Providing that social security contributions have been paid for at least 90 days in the year prior to the birth, maternity pay is paid eight weeks before and after the childbirth. In cases of multiple pregnancies, two weeks are added to the eight-week period prior to the birth.

If the expectant mother stops working three weeks prior to delivery, and obtains doctor's approval, the period she worked is added after the birth.

Employee, upon her request, shall be granted unpaid leave of up to six months after the expiry of the sixteen weeks.

FLEXIBLE WORKING AFTER CHILDBIRTH AND ADOPTION

- After maternity leave, working women, (or the male or female adopter of a child under three years of age), may work part-time for up to sixty days after first childbirth, one hundred and twenty days on second and one hundred and eighty days for the third child," and unworked hours will be compensated by the government.
- Any one of the working parents will be allowed to work part time until the child begins school; and the same right will be granted to adopting parents.
- In case the mother dies during childbirth or after the is child was born, the unused leaves related to the post-natal period can be used by the father.
- Adopters, who adopted a child under three years of age, will have 8 weeks maternity leave starting from the date the child is handed over to them. Also the right of mother to have 6 months unpaid leave after childbirth will also be granted to one of the married couple or the adopter who adopted a child under three years of age.

**Detailed information can be found in the related article in our website Turkish Labor Law.*



Statutory

The benefits indicated below are provided to expectant mothers who are insured through employment and to the wives of male employees.

- Doctor visits
- The provision of benefits in kind required for confinement
- Nursing allowance
- Pay during maternity leave
- Travel cost to another hospital location if necessary

Maternity pay is paid out directly by the Social Security authorities. In order to be entitled to maternity benefits in kind or nursing allowance, or to a lump sum payment for pregnancy and confinement, minimum 120 days short term insurance branch premiums must have been paid by, or notified for employee within the last one year prior to delivery. Insurance contributions must have been made for at least 120 days in the course of the year preceding the confinement in the case of a male employee's legally married wife.

OTHER LEAVE OF ABSENCES WITH PAY

(MARRIAGE LEAVE / BEREAVEMENT LEAVE / PATERNITY LEAVE / ADOPTION LEAVE / LEAVE FOR DISABLED CHILD)

Employee shall be allowed to take leave of absence with pay in the event of;

- Employee's marriage: 3 days,
- Employee's adoption of a child: 3 days,
- Death of the employee's mother, father, or spouse: 3 days,
- Death of brother, sister, or child: 3 days,
- Employee's spouse giving birth: 5 days,
- Employed parents whose child has at least seventy percent disability or chronic disease based on a medical report, shall be allowed to take up to 10 days leave of absence with pay in a year for their child's treatment, on the condition that the leave is taken by one of the parents," without interruption and not in segments.

Remuneration of above leaves shall be paid by the employer, and such leaves shall be regarded as worked in computation of the length of service required to qualify for paid annual leave.

OCCUPATIONAL ACCIDENTS / DISEASES

Occupational: employees involved in accidents at work or suffering from occupational diseases will be entitled to the following benefits:

- Healthcare
- Daily cash amounts payable during temporary disability
- Payment of a pension in the case of permanent disability
- Supply, fit, repair, and replace of prosthesis tools and materials
- Organize transfer to another location in order to ensure that the injured person can benefit from all of the above services and pay
- Cost of travel abroad for treatment, travel cost and living expenses for patient and accompanying person
- Funeral costs
- Survivor's pension in the case of their death.

The employer is obliged to provide initial healthcare for victims of a work accident, until the Health Insurance is informed and takes the appropriate action. The expenses incurred by the employer can be claimed back from the Social Security authorities. If, due to negligence by the employer, the treatment lasts longer or the patient becomes permanently disabled, the employer will be bound to refund all expenses incurred by the Health Insurance.

Statutory

In order to qualify for sickness benefits, the claimant must be either in insured employment, be a dependant of the insured person, or a pensioner. The benefits indicated below shall be provided for the insured persons not covered by insurance against work accidents and occupational diseases:

- Health care
 - To provide, fit, repair and replace of prosthesis tools and materials (20% of these materials are to be paid by the insured person)
 - Payment of daily cash benefit during temporary incapacity
 - To send the patient, if necessary, elsewhere in the country for examination and treatment
 - Under certain circumstances, insured persons may be sent abroad for treatment, and the insurance company will pay for the cost of the treatment and the round trip expenses as well as the essential expenses of the insured person and accompanying persons
 - Medical treatment will be provided until the insured person is cured. However such benefits must not exceed six months from the date on which the insured person started receiving treatment. This period may be extended with a medical report issued by the board of the hospital, stating that ending or decreasing the treatment of the sick person may cause their death, or they may become permanently disabled.
- While employers are not obliged to pay sick leave, most companies pay up to 10 days of absences.

UNPAID LEAVE

Turkish Labor Law 4857 contains two types of unpaid leave:

- Upon their request, 6 months unpaid leave will be granted to female employee after the expiration of statutory maternity leave and for the married couples who adopt a child under three years of age. (Labor Law, article 74).
- Employees are also allowed to take up to 4 (four) days unpaid leave, on the condition that the employee provides evidence documenting that s/he is spending his/her annual leave at a place other than where the work place is located. (Labor Law, article 56).

DISCRETIONARY LEAVES

An employee may sometimes be in need of taking a day or two off for various and quite understandable reasons, such as sickness of family members, and for other cases that require the employee to attend outside of workplace within the working hours. However, apart from some specific conditions, unpaid leave of an employee is left to the employer's initiative.

- Neither employer, nor employee can force each other for taking or granting unpaid leave. This type of leave is possible only under mutual consent
- Unpaid leave request must be in writing and must be accepted by employer
- No wage is paid for the unworked day
- No SSI premium paid, only missing day declared for the employee
- Employee continues to benefit from healthcare services up to ten days during unpaid leave
- Unpaid leaves are not taken into consideration in the calculation of employee's seniority
- Employee cannot work in other workplace during unpaid leave, otherwise that may be a just cause for employer to terminate the employment contract
- Employers cannot force their employee to take unpaid leave, otherwise that may be just cause for the employee to terminate the contract.

EMPLOYMENT OF FOREIGNERS

EMPLOYMENT OF FOREIGNERS

As a general rule, foreigners are obliged to get permission before they start to work dependently or independently in Turkey.

Foreigners residing out of Turkey make their work permit applications to the Embassy of the Republic of Turkey in their country of residence.

Foreigners who have a valid residence permit in Turkey, or their employers, are entitled to make their application directly to the Ministry.

Valid work permits as well as Work Permit Exemptions are considered as residence permits.

Work permit procedures, processes and transactions to be followed are arranged in newly introduced “International Workforce Law No. 6735,” which aims at attracting qualified foreigners into Turkey. Eligible foreigners may be granted a “Turquoise Card” that allows the holders to work permanently in Turkey and enjoy the same rights as accorded to Turkish citizens.

Some occupations and professions are prohibited for foreigners, and can only be performed by Turkish citizens.

For detailed information about prohibited professions please visit the related articles in our website Turkish Labor Law.



FOREIGN LABOR QUOTA

Turkish companies, including branches of foreign based entities must employ a certain number of Turkish citizens to qualify for applying work permit or hiring foreigners. In general the quota is 5 Turkish citizens for 1 foreign national; however the ratio of foreign employees depends on the sector, qualification of the foreigner and the international treaties.

*For detailed information
on the foreign labor quota,
please visit the related
articles in our website
Turkish Labor Law*



PAYMENT IN FOREIGN CURRENCY

- Turkish settled companies can conclude employment and service contracts with foreign employees (working with work permit) paid in foreign currency.
- Foreigners working as consultants (by consultancy or montage contracts up to 3 months) can be paid in foreign currency.
- Branches of foreign based companies, liaison offices, and foreign companies that have a direct partnership of 50% or more shares, as well as the ones in free trade zones may arrange their employment and service contracts in foreign currency.
- Service contracts related to activities performed abroad by Turkish settled companies are also exempt from obligation of using Turkish Lira.
- Transactions and contracts made with real persons or legal entities based abroad can be arranged in foreign currencies.
- Also, foreign currency earning bodies can be exempted under certain conditions.

You can reach the full English translation of International Workforce Law No. 6735 in our website *Turkish Labor Law*



For detailed information on Employment of Foreigners, please visit the related articles in our website *Turkish Labor Law*



Tax Law / Taxes

Collection Through Payroll

Tax is withheld from employee's gross income which includes all kinds of income, whether in cash or in kind, earned as a result of employment in a calendar year. Taxable gross income brackets and the rates in 2019 are shown below:*

Taxable Income Bracket	Tax Rate
Up to 18.000 TRY	15
For the 18.000 TRY of 40.000 TRY the tax is 2.700 TRY, in excess	20
For the 40.000 TRY of 148.000 TRY the tax is 7.100 TRY, in excess	27
For the 148.000 TRY of income over 148.000 TRY the tax is 36.260 TRY, in excess	35

* Liaison (representative) offices of companies based in abroad are exempt from tax.

Payments to the Tax Authority

Starting from 1 July 2019, Income tax, of employees withheld from their earnings by the employer and the SSI premium contributions will be combined in a single form (Withholding Tax and Monthly Premium Service Document) and submitted online to tax offices by the 23rd of the following month (workplaces in Kırşehir, Amasya, Bartın and Çankırı Provinces will carry on with combined declaration).

Monthly tax declarations (until 1st of July 2019) will be submitted to the tax authorities by the 20th of the following month and should be paid on the 26th of the same month.

Employee Returns

There is no application in Turkey; salaried employees working under an employment contract don't have to submit annual tax returns unless they have a different type of earning.

Social

Security



Social Security – Mandatory State Social Security

EMPLOYEES' & EMPLOYERS' CONTRIBUTIONS

All employees must be registered with the Social Security for healthcare benefits, work-related accidents and illness, sickness, pregnancy, disability, old age and death.

Employees' and employers' contributions are calculated as a percentage of gross salary. Employee deductions reduce the taxable income.

Currently, office-based employees pay 14% and employers pay 15,5% (Employers' contribution is usually 20.5% but they are given a %5 incentive due to the recession). A cap of monthly earnings subjected to premium deductions of TRY 19.188,00 is applicable for 2019.

Unemployment insurance premiums will be imposed on the employee and the employer at 1% and 2% respectively with a cap of TRY 19.188,00. Additionally, the government will also be required to contribute 1% on behalf of the employee.

Please also see "Minimum Wage" section.

Starting from July 2019, income tax of employees withheld from their earnings by the employer and the SSI premium contributions will be combined in a single form (Withholding Tax and Monthly Premium Service Document) and submitted online to tax offices by the 23rd of the following month.

Auto Enrollment Private Pension

Turkish citizen employees who are under 45 years of age and working for a wage under a service contract (in the scope of Law No. 5510, articles 4/a, and 4/c) will be automatically enrolled in a pension plan arranged by employers. Participant employees have the right of withdrawal from the system within two months.

Workplaces will start to enter into contracts with pension companies and offer pension plans to the employees in the scope of Law on different dates, depending on the number of employees.

Workplace Number of Staff	Private Pension Start Date
1000 and over	1st January 2017
250 (inc.) to 1000	1st April 2017
100 to 249	1st July 2017
50 to 99	1st January 2018
10 to 49	1st July 2018
5 to 9	1st January 2019

Participants' minimum contribution amount will be 3% of their earning subject to premium. It is possible to contribute more than this amount.

Employers who don't make any contributions must calculate and deduct the participant's contribution and transfer the funds to the insurance company on the day following payday at the latest. Employers will be responsible for any loss on employee's saving, arising from late or missed transfer of contributions.

Young employees under 18 years of age and child employees will be included in the private pension system.

Newly registered companies with at least 5 employees shall start deducting Private Pension contribution from the employees as of the first payment in the following year.

Digits after the comma will not be taken into calculation.

Deduction will be made from the net salary of employees.

*For detailed information please visit
the related article on our blog*



Voluntary Private Pension

The voluntary Turkish private pension system (Individual Retirement Insurance) is a defined contribution system, intended to be complementary to the mandatory state social security scheme, which provides retirement earnings to participants on a PAYE basis.

The participants are entitled to a retirement benefit if both of the following two conditions are met – women having reached the age of 58 and men 60 and having made contributions to the pension scheme for a minimum of 7200 working days.

STATE SUBSIDY FOR EMPLOYEES

Employees' contributions to Individual Retirement Insurance are not deductible from personal income tax liability, but the government will provide a state subsidy amounting to 25% of employees' paid contributions to the Individual Retirement Insurance Account, with a cap of annual gross minimum wage (TRY 30.700,80 for 2019).

TAX AND PREMIUM EXEMPTION FOR EMPLOYERS

Employers' contributions to Individual Retirement Insurance are tax deductible up to 15% of the monthly wage with a cap of annual gross minimum wage (TRY 30.700,80 for 2019).

Employers' contribution to Individual Retirement Insurance and private health insurances shall be deducted from earnings subject to premium of up to 30% of monthly gross minimum wage.

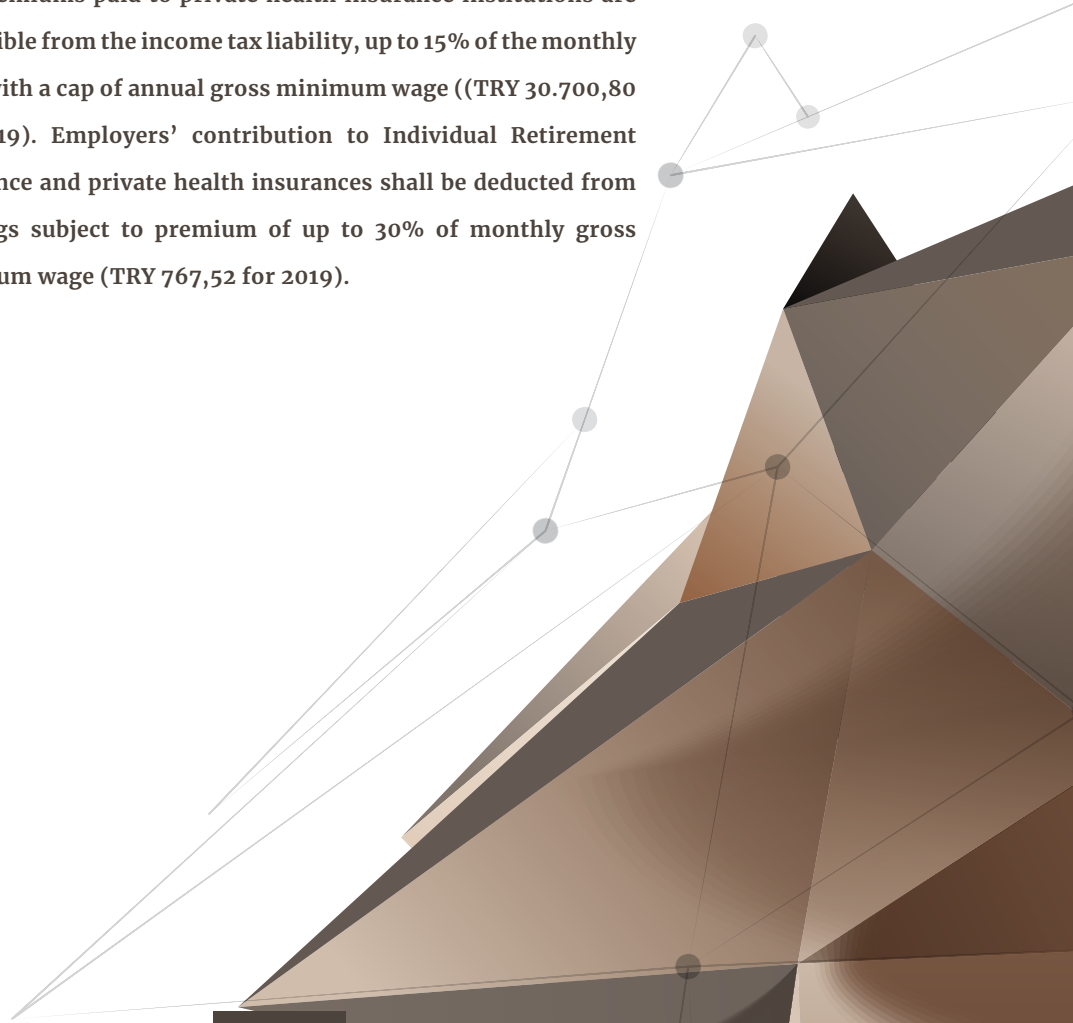
Private Health Insurance

ADVANTAGES

Although state social security (SSI) covers healthcare services, some Turkish people and most of the foreign employers and employees choose to also have private cover due to shorter waiting lists and foreign language speaking staff of private hospitals.

TAX / PREMIUM EXEMPTION

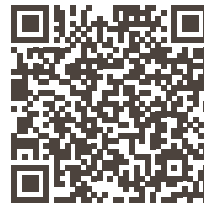
The premiums paid to private health insurance institutions are deductible from the income tax liability, up to 15% of the monthly wage with a cap of annual gross minimum wage ((TRY 30.700,80 for 2019). Employers' contribution to Individual Retirement Insurance and private health insurances shall be deducted from earnings subject to premium of up to 30% of monthly gross minimum wage (TRY 767,52 for 2019).



Protection of Personal Data

All natural and legal persons, collecting, processing and transferring personal data are deemed as a “Data Controller” and will be registered in a “Data Controller Registry” before starting personal data processing with some exceptions determined by the Personal Data Protection Board.

*For detailed information please visit
the related articles on our blog*



Payments & Clearing

ELECTRONIC PAYMENT SYSTEMS

TIC-RTGS (Turkish Interbank Clearing – Electronic Funds Transfer System) is the real-time gross settlement system of Turkey. TIC-RTGS transfers and settles domestic payments in Turkish liras between banks.

Also, TIC-ESTS, which stands for Turkish Interbank Clearing – Electronic Security Transfer and Settlement System, works in an integrated manner with the TIC-RTGS to electronically transfer and settle Turkish government securities with the “Delivery versus Payment” (DvP) principle.

PAYING SALARIES

In general monthly payments are made via bank transfers.

13TH MONTH AND BONUS PAYMENTS

Bonus payments are not compulsory. However in some companies, employees receive quarterly, bi-annually and annual bonuses.



TIMETABLE

Tax year runs from 1st January to 31st December. There are no annual reporting requirements by the employer, although the employer sends leaver's earnings statements to the tax office by the 20th of January of the following year and an employee's earnings report to the tax office by 20th of February of the following year.

SUBMISSION METHODS

Social security contributions and reports can be submitted electronically for the time being.

Unions Trade

TRADE UNIONS

Trade unions exist in both the private and public sector, but civil servants do not have the right to strike.

Members have the rights to;

- Participate in union meetings and have the right to vote on the issues under consideration
- Criticize, file complaints and resort to court litigation against the actions or decisions taken by the unions
- Withdraw or resign from the union, equal treatment, and benefit from the service activities of unions
- Convene the general congress by the written request of at least one-fifth of its members

WORKER COUNCILS

There is no worker councils system in Turkey.

COLLECTIVE LABOR AGREEMENTS

Negotiated and agreed by union representatives and employers.

An employee who is not a member of a union is, however, authorized to apply a collective agreement for the company.

TERMS TO BE NEGOTIATED AND SETTLED

- Wages, fringe benefits such as bonuses and premiums
- Matters related to termination of the employment contract, and notice periods
- Payment of severance pay following the termination of a contract
- Working conditions
- Length of paid annual vacation and other forms of leave

Nothing in a contract of employment can be in conflict with the provisions of collective agreement unless stated otherwise in the collective agreement

COMPULSORY ARBITRATION IN LABOR DISPUTES

Starting from 1st January 2018 employees and employers shall resort to an arbitrator in the first instance instead of litigation processes for labor disputes and conflicts.

- Workers' claims arising from employment contract and collective bargaining agreements and re-employment claims shall be referred to arbitration before initiating a lawsuit. The claims should be in relation to a labor relationship
- For severance, notice payment and suchlike compensations, overtime, annual leave payment, both the employee and the employer will go to an arbitrator
- Compensation claims arising from the employee and employer insulting each other, or from harm caused to the products and materials by the employee shall be referred to the arbitrator before filing a lawsuit

Note: There is no need to resort to arbitration for occupational accidents and professional diseases.

*For detailed information please visit
the related article on our website
Turkish Labor Law*



Local Information

Annual Shutdown / Collective Vacation

Collective vacation or annual shutdown, though not common in Turkey, is applied usually by manufacturing companies during certain seasons preferably in summer. Employer may chose a total or partial shutdown, meaning some employees are sent on vacation while some others carrying on working for reasons of security, repair and maintenance of machinery and equipment and so on.

Summer / Winter

State offices open between:

08.30-17.00 Summer time. Turkey will be using summer time all through 2019.

Public Holidays 2019

New Year's Day, January 1st (Tuesday)

National Sovereignty and Children's Day, April 23rd (Tuesday)

Labor and Solidarity Day, May 1st (Wednesday)

Commemoration of Atatürk and Youth and Sports Day, May 19th (Sunday)

Ramazan Bayramı* (Feast of Ramadan) June 4th-6th (Tuesday to Thursday)

15 July Democracy and National Unity Day July 15th (Monday)

Kurban Bayramı* (Feast of Sacrifice), August 11th -14th (Monday to Wednesday)

Victory Day, August 30th (Friday)

Republic Day*, October 28th (half day) and 29th (Tuesday)

* Eves of both feast days and Republic Day are also given as half day holiday

Local Office Working Hours

Banks and some offices work 5 days a week, but a sufficient number of ATMs give 7/24 service.

Time Zone

Turkey will be using summer time all through 2019, which is UTC/GMT +3 hours

Time zone abbreviation: EET - Eastern European Time.

Useful

Links



OFFICIAL SITES

www.iskur.gov.tr



www.sgk.gov.tr

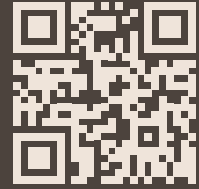


OUR SITES

www.datassist.com.tr



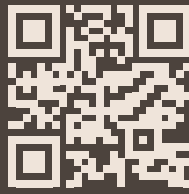
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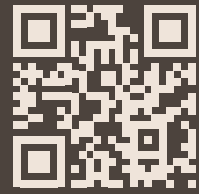
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