



DATASSIST
Payroll Services

2021 TURKEY **FACT** **SHEET**

Overview

Official Language	Turkish
Local Currency	Turkish Lira (₺) TRY
Number of Pay Periods	12
Fiscal Year	Jan 1st - Dec 31st
Population	83,61 Million
Workforce	21.42 Million (non-agricultural)
GDP 2020 (approx.)	717 Billion USD
GDP per capita	8599 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 May 2021; 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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2021

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Employing Staff



STATUS/PERMISSION/ EMPLOYING STAFF

Joint stock companies based abroad must set up a legal entity in order to employ staff in Turkey. They can set up a branch company or a subsidiary, they can also choose to open liaison (representative) offices if they are not going to engage 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

In 2018 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.

COMBINED WITHHOLDING TAX AND MONTHLY PREMIUM SERVICE DOCUMENT

With merging Withholding Tax Return and Premium Service Declaration, the statement of the premium based earnings of the insured and the deductions are to be made in accordance with the Law numbered 5510 to a single Institution, namely the Revenue Administration.

In the old practice, those who would report premium and service according to the law numbered 5510 reported this to SSI via the e-insurance screen. In the new application, a notification will be made to SSI via Withholding Tax Declaration.

ADMINISTRATIVE FINES

Administrative fines to be applied for various violations are increased in parallel with the inflation 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
- 2021 Fines for Illegal Employment of Foreigners in Turkey
- Occupational Health And Safety Administrative Fines
- SGK (SSI) Administrative Fines

For detailed information please visit the related articles in our website [Turkish Labor Law](#).

ADMINISTRATIVE FINES AMOUNTS AND DETAILS

**Labor Law No. 4857
Administrative Fines**



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



**Occupational
Health And Safety
Administrative Fines**



**SGK (SSI)
Administrative Fines**



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.

WFH (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 39.

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*.

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 7.638,96 TRY/ Year for the first half of 2021. However, this limit may be increased by provisions of employment contracts.

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.**



Changes Due to Pandemic

TERMINATION BAN AND UNPAID LEAVE

The work termination prohibition application restricting the employer's authority to terminate the employment was added to the Labor Law numbered 4857 as Temporary Article 10 on 16.04.2020.

This article also authorized the employer to unilaterally take the employee on unpaid leave. The worker who was assigned to unpaid leave due to the pandemic receives a daily cash wage of 47,70 TL.

With the President's Decree No. 3135 published in the Official Gazette on October 27, 2020, the termination ban and unpaid leave, included in the temporary article 10 of the Labor Law No. 4857, was extended many times in pandemic period and is now valid until the end of the June 2021.

SHORT WORK ALLOWANCE AND CASH WAGE SUPPORT

The most important measures the Turkish government took in order to minimize the negative effects of the pandemic for the worker and the employer was the work termination ban and the short work practice. These provisional laws were initially in effect for a period of 3 months, but have been extended and continued until today as there was no improvement on the pandemic. Finally, the process was extended to 30th June 2021 with the decision of the President.

The short work allowance is given to work places where work has stopped completely, or reduced by at least a third, for a period of at least 4 weeks. Under normal circumstances, this allowance is provided under general economical, local, or sectoral crisis and other force majeure.

The Covid-19 pandemic is also considered a force majeure.

For the employee to benefit from this allowance, both the employee and the employer have to match certain criteria. In work places where work has completely or partially stopped, only the employer has the right to apply for the allowance, and it is required that the employee have been working in the establishment for over 60 days, and has over 450 days of SSI premium paid in the past. However, there is a large amount of employees who don't match these criteria. Here is where the cash wage support comes in.

As of 17th April 2020, any employee placed on forced unpaid leave, but is unable to receive the short work allowance will benefit from the cash wage support, as well as any employee who was terminated after 15 March 2020.

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.

BANKS AND OFFICES

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

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

MINIMUM WAGE

TRY Gross: 3.577,50

TRY Net: 2.825,90

Each employee receives a minimum living allowance in according to their marital status and number of dependants.

Turkey's monthly gross minimum wage is increased from 2.943,00 to 3.577,50 with a monthly 21,56% wage increase.

MINIMUM LIVING ALLOWANCE

Employees' net wages differ depending on their marital status, because of Minimum Living Allowance (MLA). Minimum Living Allowance (MLA/AGİ) is calculated on the basis of annual minimum wage in accordance with the marital status and the number of the children of the employee, regardless of the total earning.

You can see the monthly net amounts for minimum wage earners below.

Single/Spouse working + 0 child	₺268,31
Single/Spouse working + 1 child	₺308,56
Single/Spouse working + 2 children	₺348,81
Single/Spouse working + 3 children	₺402,47
Single/Spouse working + 4 children	₺429,30
Single/Spouse working + 5 children	₺456,13
Married+Nonworking Spouse+0 child	₺321,98
Married+Nonworking Spouse+1 child	₺362,22
Married+Nonworking Spouse+2 children	₺402,47
Married+Nonworking Spouse+3 children	₺456,13

GOVERNMENT INCENTIVES

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.

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. Some of these benefits and allowances, up to an amount or a percentage are exempted from tax and social security premiums.

DEATH, MARRIAGE, BIRTH BENEFITS

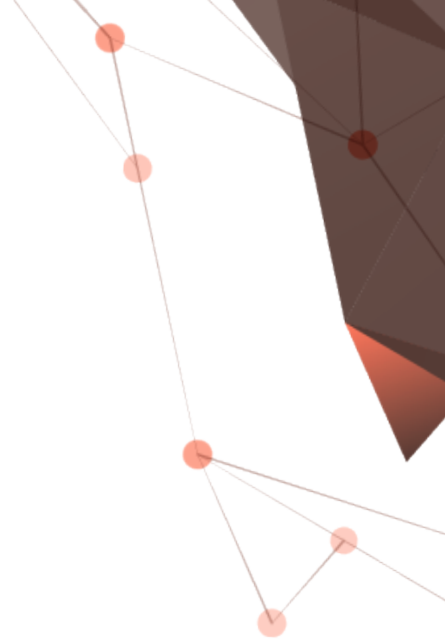
Not subject to SSI premiums. Up to two months salary is exempt from income tax and any partitions exceeding this are subject to tax.

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

**As of 2020, upto 70% of maintenance costs, rental expenses upto
5500.00, and upto 115000.00 of the total tax in new purchases
of company automobiles, are subject to a tax return.**

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, 7,16 TRY (6% of
daily gross minimum wage for 2021) 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 25 TRY daily (for 2021) 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 90 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 90 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, spouse: 3 days,
- Brother or sister, and 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 and 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 be eligible 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.

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.

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 2021 are shown below:*

Taxable Income Bracket	Tax Rate
Up to 24.000 TRY	15
For the 24.000 TRY of 53.000 TRY the tax is 3600 TRY, in excess	20
For the 53.000 TRY of 190.000 TRY the tax is 9.400 TRY, in excess	27
For the 190.000 TRY of 650.000 TRY the tax is 46.390 TRY, in excess	35
For the 650.000 TRY of income over 650.000 TRY the tax is 207.390 TRY, in excess	40

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

Payments to the Tax Authority

Starting from July 2020, Income tax, of employees withheld from their earnings by the employer and the SSI premium contributions has been combined in a single form (WITHHOLDING TAX AND MONTHLY PREMIUM SERVICE DOCUMENT) and submitted online to tax offices by the 26rd of the following month.

Employee Returns

A new income tax tariff was regulated last year, and employees who have a higher cumulative income tax base than 600.000 TRY have been taxed on 40% rate. According regulations dictated by the law no. 7194, issued at Official Gazette on 7 December 2019;

Employees who accumulated an income over 600.000 TRY, either from one employer, or through multiple employers, have to personally make an income tax declaration for their income on 2020, by the end of March 2021.

Employees who earned income through multiple employers, and have an income from their second employer higher than 49.000 TRY, have to personally make an income tax declaration for their income on 2020, by the end of March 2021.

For 2021;

Employees who accumulated an income over 650.000 TRY, either from one employer, or through multiple employers, have to personally make an income tax declaration for their income on 2021, by the end of March 2022.

Employees who earned income through multiple employers, and have an income from their second employer higher than 53.000 TRY, have to personally make an income tax declaration for their income on 2021, by the end of March 2022.

For employees who earned income through multiple employers, it is at the employee's discretion to choose which employer is to be considered as "second employer".

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 26.831,40 is applicable for 2021

Unemployment insurance premiums will be imposed on the employee and the employer at 1% and 2% respectively with a cap of TRY 26.831,40

Additionally, the government will also be required to contribute 1% on behalf of the employee.

Please also see "Minimum Wage" section.

PAYMENTS TO AUTHORITIES

The SSI premiums and income tax amounts of employees are submitted by the 26th of the following month, until 23:59. For example, the SSI premium and income tax amounts for the payroll of July, need to be submitted by 26th of August.

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.

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.

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.

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 42.930,00 for 2021).

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.

AUTO ENROLMENT 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.

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

**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*



**TAX AND PREMIUM
EXEMPTION FOR EMPLOYERS**

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 42.930 for 2021). 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.

**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.

**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 42.930,00 for 2021).

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.

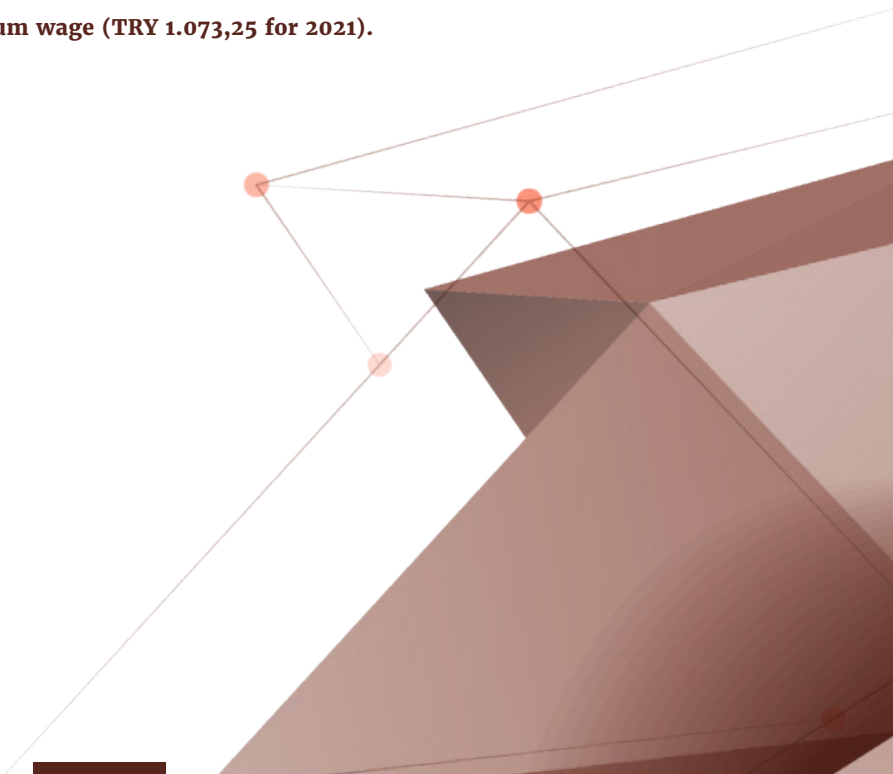
PRIVATE HEALTH INSURANCE

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 42.930,00 for 2021). 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 1.073,25 for 2021).



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 article.*



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

For all companies employing over 5 people, it is mandatory to make payments 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.

END YEAR

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.

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

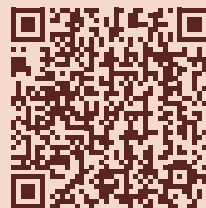
COMPULSORY ARBITRATION IN LABOR DISPUTES

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

Annual holiday shutdown is not common, except for a few manufacturing companies.

Summer / Winter

State offices open between:

08.30-17.00 Summer time. Turkey will be using summer time all through 2021.

Public Holidays 2021

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

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

Labor and Solidarity Day, May 1st (Saturday)

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

Ramazan Bayramı* (Feast of Ramadan) May 12th - May 15th

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

Kurban Bayramı* (Feast of the Sacrifice), July 19th - July 23rd

Victory Day, August 30th (Monday)

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

*** 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 2021, which is UTC/GMT +3 hours

Time zone abbreviation: EET - Eastern European Time.

Useful



Links

OFFICIAL SITES

www.csgb.gov.tr



www.sgk.gov.tr



OUR SITES

www.datassist.com



www.iskanunu.com



www.iskur.gov.tr



www.turkishlaborlaw.com



www.net-brut.com





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