

BIPO Work Guide

Türkiye | October 2023

Advice

By means of this document, BIPO Service Türkiye would like to inform all our employees and candidates about the general terms regulating employment and related matters in Türkiye , as well as to be able to solve any doubts that may arise at first instance about how the country works.

The aim is that the employee as well as the client is aware of the principles of labor legislation that often and in comparison to many other European countries, provides greater protection to the employee. That entails with a higher risk possible slight financial and operational risk to the company and to the employer employer.

In all host contracts that BIPO Service enters into with foreign companies, the ultimate responsibility for the employment and, therefore, these risks, lies with the foreign employer.

Official language	Turkish
Official currency	Turkish lira (₺)
Population	85,279,553
Land area	783 562 km²
Total GDP	Total: Increase \$3.613 trillion Per capita: Increase \$41,887
Government system	Unitary presidential constitutional republic

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Introduction Into Türkiye And His Law

First of all, it should be noted that Turkish Employment Law has a very wide framework. In this sense, it can be said that it has some special resources that are not found in other legal disciplines and the hierarchy among the resources has some different characteristics. In fact, in Turkish Law, social and economic rights related to working life and labor law are primarily regulated by the Constitution of the Turkish Republic. the rules regarding the employee-employer relationship are regulated both in the Turkish Code of Obligations numbered 6098 (“Turkish Code of Obligations”) and the Employment Law numbered 4857 (“Employment Law”). The primary and simplest reason for the regulation of the aforementioned rules in the Turkish Code of Obligations, as well as the Employment Law, is that the relationship between the employee and the employer regulates a debtor-creditor relationship.

Overview

Companies doing business in Turkey will find themselves in a unique and dynamic business environment. With the country straddling Asia and Europe and sitting within reach of the Middle East, Turkey is a melting pot of Western, Eastern and Arabic influences. Turkey has a large and well-educated population. Due to its political and economic stability, and its strategic geographic location, it has been seen by many international investors as the steppingstone to Central Asia, Middle East and Europe. As such, many international organizations have set up regional offices in Turkey, particularly in the commercial capital city, Istanbul.

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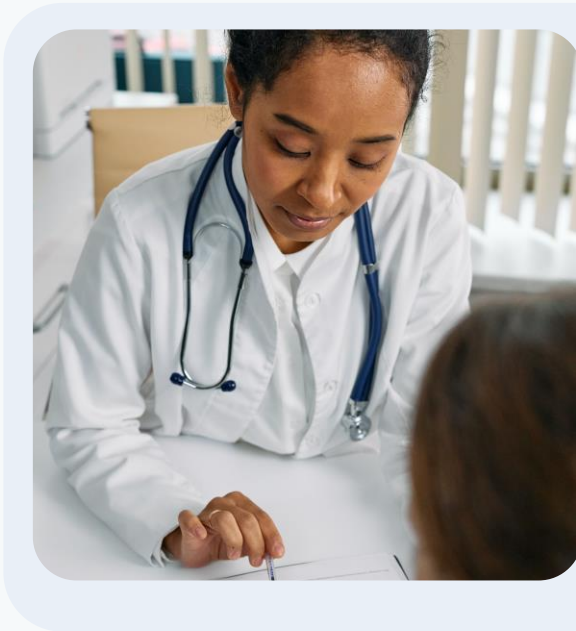
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1 | Social Security System

Social Security

The social security system in Turkey is predominantly similar to Bismarck model, one of four basic insurance systems which are Continental Model (Bismarck), Liberalistic Model (Beveridge), Northern European Model and Mediterranean Model. Bismarck Model refers to a system where the premiums paid over the wages of employees according to their insurance status are collected in a joint pool and the benefits are provided based on the paid premiums only when old-age pension is entitled.

The amount of the benefits to be granted to the insurance holders in cases of retirement, accident and sickness varies by the income they previously had. The main actors in this system are employees, employers and representatives in public sector. This system has more regulatory measures in labor market than liberalistic system, which hinders labor market flexibility. Concordantly, strict rules and collective bargaining mechanisms have come to the fore.



Employee And Employers SSI Contributions

Insurance Branch	Employer’s Liability	Employee’s liability	Total
Short-term social security premiums	2%	0%	2%
Long-term social security premiums	11%	9%	20%
Unemployment insurance premiums	2%	1%	3%
General health insurance premiums	7.5%	5%	12.5%
TOTAL	22.5%	15%	37.5%

1 | Social Security System

Universal Healthcare Insurance

Universal health insurance is described in the Law No. 5510 as an insurance which ensures, first of all, maintenance of health statuses of individuals, and the financing of costs that arise in case the individuals experience health risks.

Introduced by the Law No.5510, universal health insurance system provides all insured and uninsured individuals who live in our country with a comprehensive, fair and equitable access to healthcare services, regardless of their economic status and whether they are willing or not.

Scope Of Universal Health Insurance

- Individuals deemed to be universal health insurance holders.
- Among the individuals having residence in Turkey.
- Active Insurance Holders Who:
 - Work on service contract
 - Work as civil servants
 - Work permanently in a position without subject to service contract but are not deemed to be insurance holders as working on service contract by the relevant laws
 - Work under a contract but are not deemed to be insurance holders as working on service contract by the relevant laws, and are delegated directly as agents
 - Work on their own names and accounts without subject to service contract and are village and neighborhood headman under the Law No. 5510

2 | General Labor Law



Minimum Wage

Based on the declaration of the Minimum Wage Determination Commission, the gross minimum wage for the second half of 2023 has been determined as 13,414.50 ₺, and the net amount as 11,402.32 ₺.

The calculation of the new minimum wage from gross to net amount is as follows:

Minimum Wage (Gross)	13.414,50
SSI Base (PEK Base)	13.414,50
SSI Employee Contribution (14%)	1.878,03
Unemployment Employee Contribution (1%)	134,15
Income Tax Base	11.402,32
Income Tax (15%)	0
Stamp Tax Base	13.414,50
Net Payment	11.402,32
Minimum Wage (Gross)	13.414,50
SSI Base	13.414,50
SSI Employer Contribution (15,5%)	2.079,25
Unemployment Employer Contribution (2%)	268,29
Employer Cost	15.762,04

2 | General Labor Law

Type of Leave	Definition	Note
Annual Leave	Service years 1 to 5 : 14 Days Service years 5 to 15: 20 Days Service years 15+: 26 Days	Paid Leave
Maternity Leave	All female employees are entitled to maternity leave from work (8) eight weeks before and (8) eight weeks after the confinement. In the case of multiple pregnancies, additional (2) two weeks added to the entitled (8) eight weeks leave before the confinement.	Paid Leave, *Upon the request of the employee, an unpaid maternity leave up to (6) six months might be granted after the expiry of the maternity leave.
Marriage Leave	3 Days	Paid Leave
Paternity Leave	Employees are entitled to (5) five days leave in the event of employee's spouse giving birth.	Paid Leave
Bereavement Leave	Employees are entitled to (3) three days of paid leave in the event of the death of the employee's mother, father, spouse, brother or sister, and child.	Paid leave
Shared Parental Leave for Disabled Child	One of the parent employees of a child who has at least seventy percent disability or chronic disease based on medical report is entitled to ten (10) days (uninterrupted or in portions) of paid leave in a year for attending treatment of disabled or chronically ill child.	Paid Leave
Nursing Leave	All female employees are allowed daily a total of one and half hour nursing leave from their return to work until their infant newborn child turns (1) one year old. Nursing leave is considered within the daily working time. Employee herself decides when and in how many parts she will use the nursing leave.	Paid Leave

2 | General Labor Law

Type of Leave	Definition	Note
Child Adoption Leave	Employees are entitled to (3) three days of paid leave in the event of adoption of a child.	Paid Leave
New Employment Search Leave	All employees are entitled to use no less than two hours times-off within working hours to seek new job. Job seeking hours might be merged and can be used at one time.	Paid Leave

Contract Types

- Contracts For Definite/Fixed-term Employment**
This is for a fixed term with a set date for the end of employment. A fixed-term contract can be renewed once only (except in specific circumstances) and thereafter converts to an indefinite contract.
- Contracts For Indefinite/Open-ended Employment**
This is used when the job has no specified duration or set end date.
- Contracts For Temporary Work**
A temporary contract is for work lasting a maximum period of six months; it can be renewed twice only giving a maximum employment duration of 18 months.
- Contracts For Full-time Employment**
The worker in full-time employment is contracted to work the full, normal weekly working period of 45 hours. The hours may be distributed unevenly over a week, although may never exceed 11 hours on one day.
- Contracts For Part-time Employment**
Contract for a worker whose normal weekly working time is significantly less than that of an employee working full-time. Weekly max 30 hours and monthly 120 hours is common in practice.
- Contracts For On-call Work And Project-based Employment**
Normally working hours are agreed in advance. Where the hours for a project have not been decided, the weekly working time is limited to 20 hours. An employer must give decent notice when the worker is to be on duty/available.

2 | General Labour Law

Over Time

OT Turkey Easy Chart				
Accepted Weekly Working Hour	Working Hours	Weekdays	Weekend	Public Holiday
45 Hours	Below 45 Hours	No Overtime Payment	100%	200% / Time Off in lieu is NOT possible
	Above 45 Hours	150% / Time Off in lieu possible	1 Day payment for weekend is compulsory + 150% for Overtime / Time off in lieu is possible	200% / Time Off in lieu is NOT possible
Payment Formula	((Monthly Gross Salary / 225)*Rate)* OT Hours			

Working Hours

Type	Definition
Working Hours Daily	Under Article 63 of the Turkish Labor Code ,Working hours per day cannot exceed 11 hours
Working Hours Weekly	Under Article 63 of the Turkish Labor Code, working hours in a week cannot exceed 45 hours.
Rest Breaks	Up to four hours: 15 minutes of break. Up to 7.5 hours: 30 minutes of break. More than 7.5 hours: one hour of break
Days Off	Employees shall be allowed to take a rest for a minimum of twenty-four hours (weekly rest day) without interruption within a seven-day time period, provided they have worked on the days preceding the weekly rest day as indicated in Article 63. For the unworked rest day, the employer shall pay the employee’s daily wage, without any work obligation in return.

3 | Terminations

Type	Definition	Note
Termination Without Just cause	Termination of an employee contract without just cause (or any specific fault on the employee) is naturally at the discretion of the employer. The automatic outcome of such termination is compensatory amounts. There are different types of payments to be made to the employees at immediate termination:	Employers are subjected to pay Notification Compensation + Severance pay + Annual Leave Compensation + Re – Appointment Compensation
Termination Based on Rightful Cause	<div>1. Health Reasons:<div><div>i. If the employee becomes ill or incapacitated due his/her own gross negligence or way of life, or his/her fondness of alcohol, and his/her absence in work exceeds three back-to-back days or exceeds five days within a single month.</div><div>ii. If the Medical Board determines that the illness of the employee cannot be cured and that it is dangerous for the employee to continue working in the workplace.</div></div></div> <div>2. Employees behavior violating moral principles and the principle of good faith:<div><div>i. Misleading/deceiving the employer</div><div>ii. Words and deeds/acts violating honor and dignity of the employer,</div><div>iii. Sexual harassment by the employee,</div><div>iv. Taunting/bullying the employer and intoxication,</div><div>v. Acts/deeds contrary to the principle of truthfulness and loyalty,</div><div>vi. Committing a criminal offense in the workplace,</div><div>vii. Absence from work,</div><div>viii. Failure to fulfill his/her duties</div></div></div> <div>3. Compelling Reasons</div>	Employers are not subjected to pay any Notification Compensation + Severance pay

3 | Terminations

Type	Definition
Severance Pay	<p>At least one full year (365 days) of employment service is the essential requirement in the establishing eligibility for the severance pay. Length of employment service refers to the period of service with allowable breaks defined in the Labor Law. Calculation of length of services plays crucial importance in the entitlement of the severance pay.</p> <p>Severance pay is calculated on the basis of last month's gross salary of the employee and exempted from income tax. Severance pay is only subject to stamp tax.</p> <p>In the calculation of severance pay, in addition to the monthly gross salary, wage and salary related remunerations including benefits, allowances, premiums are taken into account.</p> <p>Gross salary, which is used in the calculation of severance pay, cannot exceed the ceiling determined every six months by the Ministry of Labor and Social Security. Between 01 July 2021 and 31 December 2021, Severance Pay Ceiling is 8.284,51 TL</p> <p>Severance Pay Formular: $\text{Gross Salary} / 365 * \text{Length of Service (days)} - \text{Stamp Tax (0.00759 * Gross Salary)}$</p>
Notification Compensation	<p>This is a compensatory amount paid to the employee at immediate termination if termination notice subject to the designation of the TLC is not provided earlier. Therefore, if an employer wishes to terminate an employee immediately without any notice period, such employer shall pay to the employee the following amounts of salary to compensate for that period:</p> <ul style="list-style-type: none"> • 2 weeks of pay for employees worked for less than 6 months; • 4 weeks of pay for employees worked for more than 6 months, less than 18 months; • 6 weeks of pay for employees worked for more than 18 months, less than 36 months; • 8 weeks of pay for employees worked for more than 36 months.



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FOR MORE INFORMATION

[Erkin ŞENBAY](#)

Country Manager Türkiye

E: erkin.senbay@biposervice.com

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www.biposervice.com



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