The Republic of Turkey, with its cultural connections to the ancient Greek, Persian, Roman, Byzantien and Ottoman empires, straddles Eastern Europe and Western Asia.

The country is considered one of the world’s leading producers of agricultural products; textiles; motor vehicles, transportation equipment; construction materials; consumer electronics and home appliances.

Faced with a contraction in its economic growth, a major devaluation of the Turkish Lira (TRY), double-digit inflation, rising borrowing costs and loan defaults, the Government embarked on a series of bold initiatives to combat this crisis and rising unemployment.

These initiatives were largely implemented through tax cuts and subsidies that were aimed at supporting manufacturing – the mainstay of the country’s economy – while fueling consumption and stabilizing employment.

<table>
<thead>
<tr>
<th>Capital</th>
<th>Land area</th>
<th>Population</th>
<th>GDP</th>
<th>Per Capita Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ankara</td>
<td>783,356 km²</td>
<td>80,745,020 *</td>
<td>USD851.5 billion *</td>
<td>USD10,940 *</td>
</tr>
</tbody>
</table>

*as at 2017

The Turkish Labour Law, Number 4857
Enacted on 22 May 2003 (English version, last updated 10 August 2017).

The purpose of the Law is to regulate the rights and obligations with regards to the working conditions and work environment of employers and employees employed, based on a labour contract.

Labour Contract
• Defined as the contract where one party (employee) agrees to work dependently and the other party (employer) undertakes to pay wage, with obligations to make the labour contracts with one year and longer term in writing.
• Labour contracts for “temporary” and “permanent” work:
  (a) Employment contracts for a “definite period” or an “indefinite period”
  (b) Employment contracts for “part-time” and “full-time” work
Hours of Work & Overtime

- In principle, the maximum regular working hours are 45 hours per week. This should be split equally among the working days. However, in accordance with the Labor Law, working hours may be arranged by the employer within the legal limits.

- It is generally understood that hours exceeding the limit of 45 hours per week are to be paid as “overtime hours”.

- The wage/salary for each hour of overtime work is paid by raising the hourly rate of the regular working salary by fifty percent. Instead of the overtime payment, employees may be granted 1.5 hours of free time for every overtime hour worked. Overtime hours worked during weekends and public holidays are to be paid as wage for one-day holiday and overtime wage. These rates may be increased on the basis of a collective or personal employment contracts between employees and employers. The total number of overtime hours worked per year may not exceed 270 hours.

Probation Period

May be a maximum two (2) months, the probation period may be extended up to four (4) months through collective labour contracts.

Wage and Payment of Wage

- Defined as the amount paid in cash to a person by the employer or third persons in return for work performed.

- Wages shall be paid once a month. The payment period may be reduced to one week through labour contracts or collective labour contracts.

- When wages are not paid within 20 days as of the date of wage payment except for a compelling reason, employees may abstain from fulfilling their working liabilities. In the event of non-fulfilment of working liabilities for this reason, this shall not be considered a strike. The highest interest rate applied for deposits shall be applied for wages not paid on due date. The labour contracts of such employees shall not be terminated, new employees shall not be admitted in their places and their works shall not be assigned to other persons for not working due to this reason.

- Upon termination of labour contracts, employee’s wage and the benefits measurable by cash arising from the contract and Law must be fully paid.

Social Security

In 2007, the three (3) insurance funds, comprising SSK, Emekli Sandigi and Bag-Kur, were merged under a sole body called the Social Security Institution (SSI).

These three (3) insurance funds together cover around 81% of the population as of 2008 and at the beginning of 2008, the system started to be fully operational.

Social Security Premium Payments

Outline of the Social Security premiums (as a percentage of employee’s gross earnings), payable by both employers and employees:

<table>
<thead>
<tr>
<th>Social Security Premiums (office employees)</th>
<th>Employer’s share (%)</th>
<th>Employee’s share (%)</th>
<th>Total (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of risk</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short - term risks</td>
<td>2*</td>
<td>-</td>
<td>2*</td>
</tr>
<tr>
<td>Long - term risks</td>
<td>11</td>
<td>9</td>
<td>20</td>
</tr>
<tr>
<td>General health insurance</td>
<td>7.5</td>
<td>5</td>
<td>12.5</td>
</tr>
<tr>
<td>Contribution to unemployment insurance</td>
<td>2</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>22.5*</td>
<td>15</td>
<td>37.5*</td>
</tr>
</tbody>
</table>

*Pursuant to Law no. 6385, the premium rates with respect to short-term risks have been set at 2% for all employers regardless of risk rates.

Foreign individuals making Social Security contributions in their home countries do not have to pay / contribute to the Turkish Social Security system if there is a reciprocal agreement between both the home country and Turkey.

Unemployment Insurance Premium Payments

- A compulsory contribution is required by employees, employers and the state to the Unemployment Insurance Plan at the rates of 1%, 2% and 1%, respectively, of the gross salary of the employee.

- Similar to the Social Security premium payments, Unemployment Insurance premiums are also to be paid on a monthly basis. Employers are able to deduct such contributions from their taxable income. Conversely, an employee’s contributions are deductible from the income tax base of the employee.

- A foreign individual who remains covered under the compulsory social security system of his/her home country that has a social security agreement with Turkey is not liable for insurance payments to the Turkish social security. Proof of foreign coverage is to be filed with the local social security office. If the employee is subject to a foreign social security, full contributions will generally be imposed. Unemployment insurance premiums are declared and paid to the Social Security Institution together with social security premium contributions.

Annual Paid Leave

- There are seven (7) paid Public Holidays per year, plus two paid periods of religious holidays – making it a total of nine (9) days.

- In addition to these Public Holidays, employees who have worked for at least one year, including the probation period, as of the date of recruitment shall be entitled for annual paid leave.
<table>
<thead>
<tr>
<th>Years of work</th>
<th>Minimum paid vacation period</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 - 5 years (inclusive)</td>
<td>14 working days</td>
</tr>
<tr>
<td>5 - 15 years</td>
<td>20 working days</td>
</tr>
<tr>
<td>15 years (inclusive) or longer</td>
<td>26 working days</td>
</tr>
</tbody>
</table>

*Does not apply to those working in seasonal or campaign works lasting less than one year due to their nature.

Benefits outlined are the minimum levels set by law and may be increased on the basis of a collective or personal employment contracts.

**Maternity Leave**
- Unpaid leave for up to six (6) months after expiry of the sixteen-week (16) period, or after the eighteen-week (18) period in case of multiple pregnancy upon request. This shall not be taken into account in calculating the right of annual paid leave.
- Female employees should not be employed for a period of sixteen (16) weeks in total, eight (8) weeks before and eight (8) weeks after delivery.
- Female employees shall be granted paid leave for periodic checks for the duration of the pregnancy.
- In the event the pregnant employee is employed in a lighter position, suitable to her health and condition (when required by a Doctor’s report), no discounts shall be made on the wage.
- Breast feeding leave for one and a half (1.5) hours a day in total within the daily working hours to feed their infants below the age of one (1) applies to any female employee employed through a labour contract.

*Note: Additional provisions shall apply for female employees with multiple pregnancies, premature birth, adoption and instances where the child is born with disabilities.

up to four (4) months through collective labour contracts.

**Termination of Labour Contract**
Employers and employees are required to give specified notice periods prior to the termination of an employment contract:

<table>
<thead>
<tr>
<th>Tenure of Service</th>
<th>Prior notice required</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 6 months</td>
<td>2 weeks</td>
</tr>
<tr>
<td>6 - 18 months</td>
<td>4 weeks</td>
</tr>
<tr>
<td>18 - 36 months</td>
<td>6 weeks</td>
</tr>
<tr>
<td>More than 36 months</td>
<td>8 weeks</td>
</tr>
</tbody>
</table>

There are two types of termination of a labour contract:

(a) **Termination with Notice**
- Both the employee and the employer may terminate an employment contract based on the notice periods indicated above.
- If either party fails to do so, a payment in-lieu-of-notice shall apply. This payment in-lieu-of-notice shall serve as an immediate compensation to terminate the employment contract at an amount equal to the notice period.

(b) **Premature termination of an employment contract or prior to the expiration of the notice period, for justifiable and rightful reasons as set forth in the Labor Law.**
- Both the employer and employee have the right to terminate an employment contract before the expiration or without having to comply with the prescribed notice periods, in the event of:
  (i) Reasons of health
    - Where the employee suffers from an illness or disability which will arise from his/her intention or disorganized living or alcohol addiction, when the absence due to such reason lasts three consecutive business days or more than five business days in a month.
    - Where it is established by the Health Board that the illness that the employee suffers cannot be treated and the employment of the employee at the business is inconvenient.

(ii) Cases arising from immoral, dishonorable or malicious conduct or other similar behavior

- Misleading or misrepresentation to the employer, providing unrealistic information or making unrealistic statements
- Behaves in such manner or makes baseless denouncements or allegations harming the honour and dignity of the employer or one of his/her family members.
- Sexual harassment against another worker of the employer
- Arrives to work under the influence of alcohol or narcotic drugs or uses such at work
- Attempts behaviours contradicting honesty and loyalty, such as misuse of the trust of the employer, theft and disclosure of professional secrets of the employer.
- If the employee commits an offense at the business, which leads to imprisonment for more than seven days and the penalty of which is not deferred.
- If the employee fails to show up for work for two (2) consecutive business days or twice in a month on a day following any holiday or three (3) days within one month without receiving the permission of the employer or without any justified reason.
- Fails to perform the duties assigned even after being reminded
- Jeopardizes the safety of work due to negligence or causes damage and loss on the machines, installations or other property and materials that belong to the business or do not belong to the business, at a degree that he/she cannot compensate with the amount of his/her thirty-day wage.

(iii) Force majeure
In the event of force majeure, preventing the employment of the worker at the business for more than one week.
BIPO invited to HR Technology China 2019

HR Technology China 2019 was held in Shanghai World Expo Center on May 14th and 15th. BIPO was involved in this summit as one of the exhibitors. In recent years, global AI technology, cloud computing, big data, video and other technologies are rapidly developing and more and more being used. To keep up the pace with the global leading industry, China’s human resources industry is making efforts. The summit focused on HR technology from a broader perspective, aiming to promote the transformation, development and upgrading of the human resources industry in China with the help of HR technology by building an efficient, sustainable and highly people-oriented service platform.

BIPO leads the way in guiding SMEs and businesses in Singapore on the intricacies of expanding their commercial operations in China

As one of the keynote speakers at the recent “Invest China Seminar Series”, BIPO Shanghai’s Kevin Zhou (Senior Consultant) delivered an engaging and highly informative presentation that touched on the individual income tax law and manpower practices in China. Organised by The Singapore Chinese Chamber of Commerce and Industry, the half-day knowledge sharing session held in Singapore, was attended by business leaders from various industries across the region. Participants gained a better understanding of these sought-after topics and learnt about the possible implications such regulations have on their business operations.

BIPO participates in The Future of Work Forum 2019

The Future of Work Forum 2019 (organised by the Singapore Human Resources Institute) saw BIPO leading the HR Tech | HRMS space by delivering one of the forum’s keynote presentations: “Start Small, Think BIG: The Future of HR”

Graced by Mr. Baey Yam Keng (Senior Parliamentary Secretary – Ministry of Culture, Community and Youth and Ministry of Transport) who also delivered the opening speech and interactive dialogue session, the forum was attended by 150 HR professionals and C-Suite specialists across various industries.

BIPO’s session touched on the state of HR today, the HR landscape in Singapore and insights generated from our research and market intelligence, including a trend analysis of what HRMs are typically preoccupied with.

Buzzing with excitement and robust discussions, other speakers included DBS, Mercer, Pulsifi, SmartUp, UP!Advisory and an engaging panel discussion on “Demystifying Digital HR”.

BIPO participates in The 20th Salary and Welfare Workshop, Shenzhen

On May 23rd, BIPO was invited to the 20th Salary and Welfare Workshop held in Sheraton Shenzhen Futian Hotel. The focus of this year was put on flexible employee management, motivation of core employees under the new tax law and welfare innovation with minimized cost. BIPO brought its advanced human resource service products and concepts to the workshop, and worked with others on the latest practices and trends in the salary and welfare field.
At the workshop, Zhou Kaigang, a senior consultant of BIPO, made a wonderful sharing with the audience on the hot topic of “enterprise employment cost planning under the new tax law”, which not only explained clearly how individual tax is collected and paid and how companies should perform tax declaration, but also talked about the impact of social security tax on the labor cost efficiency of companies. He showed the audience a new way to improve labor cost efficiency under intensified supervision. The HRs present were impressed by the speech and they gained insights from the strategies in terms of the changes in the policy.

**BIPO = invited to the 7th HR-One Summit 2019**

On May 24th, BIPO was invited to the 7th HR-One Summit held by China Human Resource Development Association in Beijing West International Trade Grand Hotel. The summit this year was themed by “focusing on organizational reform and talent growth”, bringing together leading scholars, brilliant experts and elites in corporate management and industries to share their opinions on management innovation, organizational change, talent development, and best practices, etc. On the same day, BIPO was awarded “Excellent Comprehensive Service Provider 2018” at the “Enterprise Human Resource Excellent Service Institution 2018” awarding ceremony for its professional teams and superior brand reputation and influence, highlighting BIPO’s leading position in the human resource service field.

**About Us**

BIPO is a leading one-stop human resources provider in Asia Pacific, focused on providing organisations with innovative ways to manage complex end-to-end HR processes. Through our cloud and mobile-based Human Resources Management system as well as industry-leading solutions such as Payroll Outsourcing, Attendance Automation, Business Intelligence, HR Consulting, Recruitment & Business Process Outsourcing and Flexible Employee Management, we help companies transform their HR operations to and beyond their expectations, while achieving business goals related to cost and profitability.

Founded in 2004, our APAC headquarters is in Singapore and R&D centre in Indonesia. We have offices in Australia, China, Hong Kong, India, Japan, New Zealand, Philippines, Vietnam, Taiwan and Thailand with business links in over 10 countries and regions.

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