

BIPO TIMES



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Understanding Turkey's Labour Law & Employment Regulations

Turkey

Widely regarded as one of the world's newly industrialised countries, Turkey is a leading producer of agricultural products, textiles, motor vehicles, transportation equipment, construction materials, consumer electronics and home appliances.

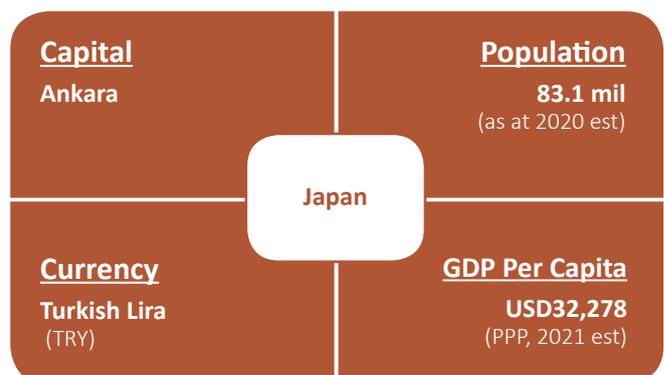
While Ankara is the country's capital, Istanbul is its largest city and financial capital with a population of about 15 million. Istanbul is also home to several UNESCO world heritage sites make it the fifth-most popular tourist destination.

Overview

1. Business Culture in Turkey

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 organisations have set up regional offices in Turkey, particularly in the commercial capital city, Istanbul.



Type	Features	Countries
Culturally diverse (combines a heavily diverse and heterogeneous set of elements that have been derived from the various cultures of the Eastern Mediterranean, Western Asia, Central Asia, Middle East, with Eastern European and Caucasian traditions)	<p>Work: Representation of different cultural and ethnic groups in society.</p> <p>Communication: Accepting and respecting people's differences and understanding that everyone is unique.</p> <p>Responding to change: Respecting tradition, small changes (focusing on the past)</p>	

How to Establish a New Legal Entity in Turkey

Turkey has introduced reforms with a view to making it easier to do business in order to enhance the investment environment, eliminating red tape in setting up a business and minimising costs and procedures. To this end, establishing a company is now only carried out at Trade Registry Offices located in Chambers of Commerce and designed to be a 'one-stop shop'. The process is completed within the same day.

Submit the memorandum and articles of association online at MERSIS

- Execute and notarize company documents
- Obtain potential tax identity number
- Deposit a percentage of capital to the account of the Competition Authority
- Deposit at least 25 percent of the startup capital in a bank and obtain proof thereof
- Apply for registration at the Trade Registry Office
- Certify the legal books
- Follow up with the tax office on the Trade Registry Office's company establishment notification
- Issuance of signature circular
- Move certain documents to electronic format / E-TUYS system

2. Turkish Labour Law

Employment laws in Turkey apply to Turkish nationals and foreign nationals alike. In addition, special provisions exist which regulate the employment and residence permits of foreign nationals who intend to work in Turkey.

The main pieces of employment related legislation applicable to both Turkish nationals and foreign nationals are as follows:

- Turkish Labour Code (No. 4857), published in the Official Gazette dated 22 May 2003 and numbered 25134
- Turkish Code of Obligations (No. 6098), published in the Official Gazette dated 4 February 2012 and numbered 27836, which entered into force on 1 July 2012.
- Social Insurance and General Health Insurance Code (No. 5510), published in the Official Gazette dated 16 June 2006 and numbered 26200.

3. Working Hours

Working Hours Daily	Under Article 63 of the Turkish Labour Code, working hours per day cannot exceed 11 hours
Working Hours Weekly	Under Article 63 of the Turkish Labour Code, working hours in a week cannot exceed 45 hours.
Rest Breaks	<ul style="list-style-type: none"> • Up to 4 hours: 15 minutes of break. • Up to 7.5 hours: 30 minutes of break. • More than 7.5 hours: 1 hour of break.
Days Off	<ul style="list-style-type: none"> • 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.

4. Overtime

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			

Example	5500 Monthly Gross Salary	Annual max Over Time cannot exceed 270 Hours		
	24,44 Daily Gross Salary	Daily over time cannot exceed 11 hours(8+3 or 7,5+3,5)		
	(24,44TRY*1,5)=36,66 TRY			
	(3 hours of Over time) =109.99TRY			

5. Contract Types

a. 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.

b. Contracts for Indefinite/open-ended employment

This is used when the job has no specified duration or set end date.

c. 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.

d. 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.

e. 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.

f. 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.

6. Employee & 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%

5% of the employer's share in the long-term social security premiums of the employees are also subsidized by the Turkish state for the private sector employers provided that they pay the social security premiums for their employees on time and have no outstanding debt to the social security institution. In that case, the total social security premium burden decreases from 37.5% to 32.5%.

7. Minimum Wage

Minimum Wage 2021 Gross	TRY 3577,50
SSI Base	TRY 3577,50
SSI Employee Premium(%14)	TRY 500,85
Unemployment Employee Premium(%1)	TRY 35,78
Stamp Duty Base	TRY 3577,50
Stamp Duty	TRY 2715
NET Paid	TRY 2557,59
Minimum Living Allowance	TRY 268,31
NET Paid with MLA	TRY 2825,90

8. Types of Leave

Type of Leave	Definition	Note
Annual Leave	<ul style="list-style-type: none"> 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 <i>*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.</i>
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

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

9. Termination of Employment Contracts

a. 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

b. Termination based on Rightful Cause

- Health Reasons
 - 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.
 - 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.
- Employees behavior violating moral principles and the principle of good faith:
 - Misleading/deceiving the employer
 - Words and deeds/acts violating honour and dignity of the employer,
 - Sexual harassment by the employee,
 - Taunting/bullying the employer and intoxication,
 - Acts/deeds contrary to the principle of truthfulness and loyalty,
 - Committing a criminal offense in the workplace,
 - Absence from work,
 - Failure to fulfill his/her duties
- Compelling Reasons

Note:

Employers are not subjected to pay any Notification Compensation + Severance pay

10. Severance Pay & Notification Compensation

a. Severance Pay

- 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 Labour Law. Calculation of length of services plays crucial importance in the entitlement of the severance pay.
- 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.
- 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.
- Gross salary, which is used in the calculation of severance pay, cannot exceed the ceiling determined every six months by the Ministry of Labour and Social Security. Between 01 July 2021 and 31 December 2021, Severance Pay Ceiling is 8.284,51 TL.
- Severance Pay Formular: $\text{Gross Salary} / 365 * \text{Length of Service (days)} - \text{Stamp Tax (0.00759 * Gross Salary)}$.

b. Notification Compensation

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:

- 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.

11. Public Holidays

New Year's Day	Friday, 01.01.2021	1 Day
National Sovereignty and Children's Day	Friday, 23.04.2021	1 Day
Labour and Solidarity Day	Saturday, 01.05.2021	1 Day
Ramadan Feast Eve	Wednesday, 12.05.2021	0.5 Day (Afternoon)
Ramadan Feast	Thursday, 13.05.2021	1 Day
Ramadan Feast Holiday	Friday, 14.05.2021	1 Day
Ramadan Feast Holiday	Saturday, 15.05.2021	1 Day
Commemoration of Atatürk, Youth and Sports Day	Wednesday, 19.05.2021	1 Day
Democracy and National Unity Day	Thursday, 15.07.2021	1 Day
Sacrifice Feast Eve	Monday, 19.07.2021	0.5 Day (Afternoon)
Sacrifice Feast	Tuesday, 20.07.2021	1 Day
Sacrifice Feast Day 2	Wednesday, 21.07.2021	1 Day
Sacrifice Feast Day 3	Thursday, 22.07.2021	1 Day
Sacrifice Feast Day 4	Friday, 23.07.2021	1 Day
Victory Day	Monday, 30.08.2021	1 Day
Republic Day Eve	Thursday, 28.10.2021	0.5 Day (Afternoon)
Republic Day	Friday, 29.10.2021	1 Day

Article contributed by

Erkin Senbay, HR Service Delivery Manager (BIPO Turkey)

Around the World with BIPO

Singapore – 11 Aug 2021

From implementing a buddy system, personalised care packs to organised outdoor walks with safety measures in place, BIPO was recently featured in Singapore's leading English language newspaper, The Straits Times for our efforts in supporting our teams and their well-being during the pandemic.

[Read the full article here](#)

Singapore – 19 August 2021

Derick Teo, BIPO's Director – Enterprise Go-Digital Solutions was recently a guest of Channel News Asia's 938FM Money Mind (Singapore's leading news and current affairs radio station).

As part of the big reset, many organisations believe that digital transformation is the answer to business continuity. However, it is Employee Experience (EX) that is now the most significant differentiator to every business in the world. This is a great opportunity to re-examine how technology can be utilised to improve the employee experience. [Listen to the full interview here](#)



Staff at BIPO packing care packs for employees.
PHOTO: BIPO SERVICE (SINGAPORE)



Turkey – 19 August 2021

As part of our webinar series on Labour Laws around the world, BIPO Turkey hosted our inaugural webinar session, attended by over 80 participants. Hosted by Erkin Senbay, HR Service Delivery Manager, the session served as a guide for businesses keen to venture into Turkey and included a live Q&A session.



About us

At BIPO, we help businesses transform and digitalise, enabling them to thrive and realise their growth ambitions. Around the world, we support over 2,800 client in more than 100 countries and regions with a new generation of HR solutions. Our comprehensive suite of service products from our award-winning cloud and mobile-based HR Management System (HRMS), multi-country payroll calculation, overseas landing services, Business Process Outsourcing (BPO) to attendance automation provide clients with a multi-regional, integrated and seamless user experience.

Our global R&D Centres are the foundation of BIPO's HRMS and Workio platforms, providing cutting-edge, agile, and innovative technology solutions to meet the needs of Industry 4.0. We are also ISO-27001 certified with multi-country compliance, providing clients with the trust and confidence to champion their international growth plans.

Founded in 2004, BIPO is a leading one-stop global HR and Payroll service provider with a vast network of offices in 23 cities across Asia Pacific, Americas, Europe, Middle East & Africa supported by four R&D Centres in Singapore, Mainland China, Indonesia and Malaysia. Our APAC Headquarters in Singapore serves as our hub for the region.

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