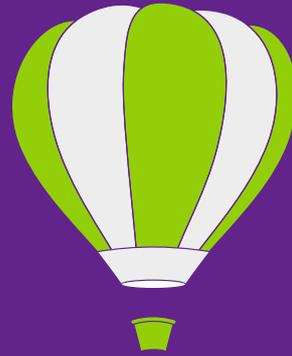
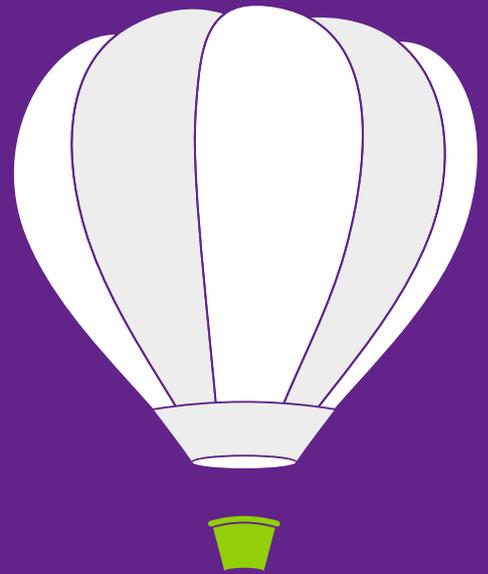




GLOBAL
EMPLOYER
GUIDE



TURKEY





Basic Country Facts

Full name

- Republic of Turkey

Capital

- Ankara

Main Languages

- Turkish
- Kurmanji
- Arabic
- Zazaki

Population

- 82 million

Monetary unit

- Turkish lira

Internet domain

- .tr

International dialing code

- +90

Currency

- Turkish lira



STATUTORY LABOR REQUIREMENTS

Probation Period

- The Turkish Labor Law gives an employer a maximum two-month probation period during which employment may be terminated without penalty.

Annual Leave

- Employees are entitled to paid annual leave, provided that they have worked for at least one year, including the probationary period. Paid time off is dependent on the number of years of service:
 - Years 1-5: 14 working days
 - More than 5 years but less than 15: 20 working days
 - 15 years or longer: 26 working days

Public Holidays

- There are 10 official Luxembourg bank holidays
- New Year's Day (1st January)
- Easter Monday (13th April)
- Mayday (1st May)
- Ascension Day (21st May)
- Whit Monday (1st June)
- Luxembourg National Day (23rd June)
- Assumption of Mary (15th August)
- All Saints Day (1st November)
- Christmas Day (25th December)
- Second day of Christmas (26th December)

Maternity Leave

- Pregnant women are eligible to receive 8 weeks of maternity leave preceding and following childbirth.
- In addition, they are eligible for lump-sum pregnancy, childbirth, and nursing benefits.



Paternity Leave

- Fathers are allowed a parental leave of up to three days.

Sick Leave

- In accordance with article 46 (c) of the Turkish labor law, all employees are entitled to maximum one week paid sick leave upon production of confirmative medical report. Sick leave might be extended. Extended sick leave is granted on unpaid basis.
- Employers are not obligated to provide sick pay to employees, but employees are entitled to sick pay through government disability programs.
- In practice, most employers continue to pay employees their full salary while they are sick and deduct the amount paid by the Social Security Institution from the employee's salary.

Work Hours

- Work hours cannot exceed 45 per week and should be equally divided between the number of days worked.
- There is no 'standard' work week in Turkey.

Overtime

- If working hours exceed 45 in a week, employees are entitled to overtime pay.
- This includes increasing the employee's regular hourly rate by 50%.
- In lieu of payment, employees may be granted 1.5 hours of 'free time' for every overtime hour worked.
- Overtime rates may be increased on the basis of a collective bargaining agreement or employment contract.
- The total number of overtime hours may not exceed 270 hours per year.

Notice Period

- In the event there is no cause justification, employers are obliged to comply with mandatory termination notice periods which vary depending on the length of the employment. The minimum legal periods are as follows:
 - Less than six months of employment: two weeks' notice
 - Between six months and 18 months of employment: four weeks' notice
 - Between 18 months and three years of employment: six weeks' notice
 - More than three years of employment: eight weeks' notice

Severance

- Severance payments are required for termination of an employment contract whether or not there is a cause justification.
- The employee must have been employed for more than one year in order to receive severance.
- The severance payment is calculated by multiplying the employee's last 30 days' gross wage by the number of years employed

13th Month

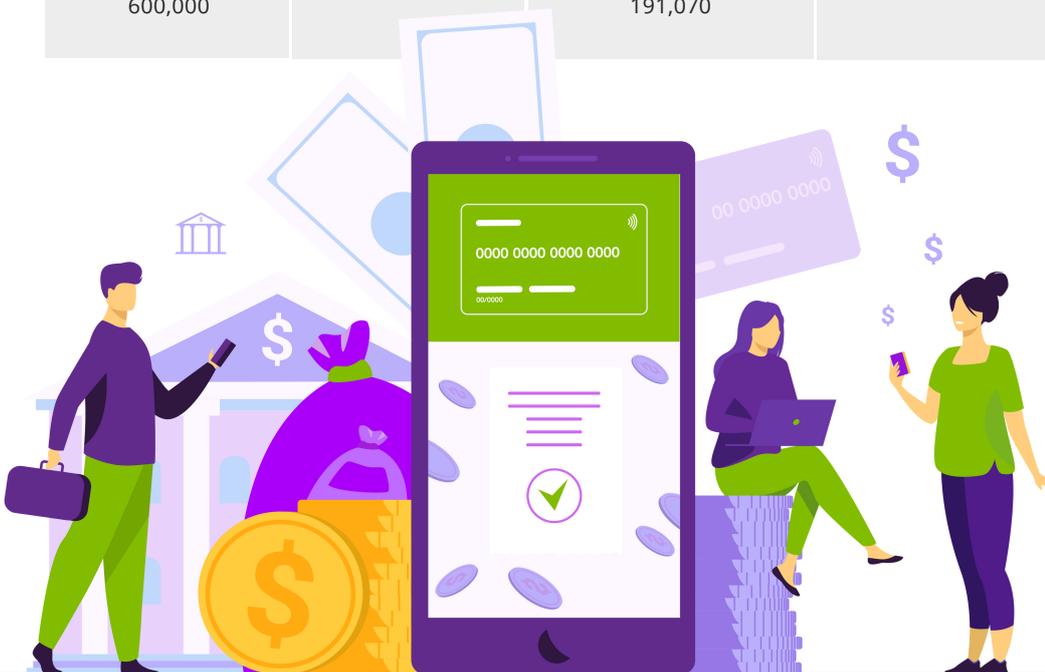
- 13th month pay is not mandatory in Turkey



Income Tax

- Individuals who are resident in Turkey (full liability taxpayers) are subject to tax on their worldwide income.
- Nonresidents (limited liability taxpayers) are taxed only on earnings and revenues derived in Turkey.
- Turkey has a unitary tax system under which income derived from different sources is aggregated and tax due is computed on the total aggregate income.
- Under the unitary system, withholding taxes are considered advance payments of tax and are credited against the tax due in the annual return.
- Income derived in Turkey by residents and nonresidents are allocated to the following categories:
 - Commercial income
 - Agricultural income
 - Employment income (remuneration)
 - Self-employment earnings
 - Revenues from immovable properties (including royalties)
 - Income from capital investments (dividends and interest)
 - Other earnings and gains (capital gains)

Taxable income (TRY)		Tax on column 1 (TRY)	Tax on excess (%)
Over	Not Over		
0	22,000	-	15
22,000	49,000	3,300	20
49,000	180,000	8,700	27
180,000	600,000	44,070	35
600,000		191,070	



Social Security

- Social security premiums, which are calculated on salary limits of a minimum of TRY 98.10 and a maximum of TRY 735.75 per day between 1 January 2020 and 31 December 2020, must be paid by the employer and the employee at rates defined according to labor categories.
- For Turkish nationals, the general rates are 20.5% (if certain conditions are satisfied, it is reduced by 5% to 15.5%) for the employer and 14% for the employee.
- A foreign national who remains covered under the social security system of one's home country is not required to pay Turkish social security premiums up to a maximum period of three months, provided proof of foreign coverage is filed with the local social security office.
- If there is a social security treaty between the home country and Turkey, the exemption period may be longer, depending on the treaty.
- If the employee is not subject to foreign social security, full contributions will generally be imposed in Turkey.
- The employee's portion of the social security contributions is deductible in determining taxable income.
- Unemployment insurance premiums are calculated over an upper earnings level of TRY 735.75 per day between 1 January 2020 and 31 December 2020.



Contribution	Employee (%)	Employer (%)
Social Security Contribution	14	20.5
Unemployment Insurance	1	2

Note: - State makes 1% contribution to unemployment insurance.



Deductible Expenses

- For individual employees, no business deductions are permitted.
- Contributions to social security may be deducted.
- The annual cumulative amount of personal deductions cannot exceed the annual minimum gross wage.
- Charitable contributions
 - Personal deductions are possible within defined limits for donations to specific institutions.
- Education expenses
 - Individuals paying their taxes via annual tax returns can deduct their documented education expenses incurred in Turkey by themselves and their families from income declared on the tax return.
 - This deduction cannot exceed 10% of the income tax base.
- Insurance premiums
 - Personal insurance premiums (for self, spouse, and/or children) are deductible.
 - However, the deduction for insurance premiums cannot exceed 15% of the individual's monthly gross income and annual minimum wage amount.
- There are no personal allowances in Turkey.





Deductible Expenses

Employment Deductions

- For individual employees, no business deductions are permitted.
- Contributions to social security may be deducted

Personal Deductions

- Personal deductions are possible within defined limits for donations to specific institutions.
- Individuals paying their taxes via annual tax returns can deduct their documented education expenses incurred in Turkey by themselves and their families from income declared on the tax return.
- This deduction cannot exceed 10% of the income tax base.
- Personal insurance premiums (for self, spouse, and/or children) are deductible.
- However, the deduction for insurance premiums cannot exceed 15% of the individual's monthly gross income and annual minimum wage amount.



Immigration

Definite-term work permit.

- A work permit for a maximum of one year shall be issued in the first application for the foreigner.
- Such work permit does not exceed the term of the foreigner's employment or service agreement to work at a specific workplace owned by a legal entity or a real person, or a public institution or establishment, or other workplaces owned by the same in the same business sector.
- In the case of an extension request, the foreigner shall be granted a maximum of two years' extension at the first extension application for the same employer, and for further applications, a maximum of three years' extension shall be granted.

The Turquoise Card may be granted to foreigners who have the following characteristics:

- Are evaluated to be highly qualified labor given their education, salary, professional knowledge and experience, contribution in science and technology, and similar qualifications
- Are evaluated to be highly qualified investors given their investment or export level, size of the employment they will provide, contribution in scientific and technological development, and similar qualifications
- Contribute in scientific and technological development or are scientists or researchers who conduct studies that are considered to be strategic on the international level in terms of the country's interest in the fields of science, industry and technology

- Are successful on the international level in cultural, artistic or sportive activities
- Contribute in the international recognition or promotion of Turkey or the Turkish culture and carry out international activities in relation to national interests of Turkey
- The Turquoise Card will be given for a transition period of three years.
- The General Directorate assigns a specialist to monitor the activities and commitments of the Turquoise Card holder within the transition period in 12-month periods.
- The transition period registration on the Turquoise Card that is not canceled within the transition period shall be removed if the request to remove the transition period registration is approved and the Turquoise Card becomes indefinite.

Indefinite-term work permit.

- Foreigners with a long-term residence permit or a legal work permit with a minimum term of eight years may apply for an indefinite-term work permit.
- However, fulfilling the application criteria does not automatically entitle the foreigner to be granted an indefinite work permit.

Independent work permit.

- Under the Law, the following persons are required to obtain an independent work permit in order to work in Turkey:
 - Statutory managers of limited liability companies who are also shareholders of the relevant company
 - Board of directors' members of joint stock companies who are also shareholders of the relevant company
 - Commandite shareholders of partnerships in commendam, the capital of which is divided into shares

Type of Visa	Documentation	Validity	Eligibility
Definite-term work permit	<ul style="list-style-type: none"> • Passport • Work visa application Form • Employment Contract or formal job offer 	<ul style="list-style-type: none"> • 1 year (can be extended) 	<ul style="list-style-type: none"> • This is issued to foreigners applying for fixed term employment
The Turquoise Card	<ul style="list-style-type: none"> • Application form • Copy of the passport or equivalent document of the foreigner • Certificate of conformity taken from related public organization or institution • Diploma, • labor contract • CV appointment letter 	3 years (can be extended to an indefinite term)	<ul style="list-style-type: none"> • Highly qualified individuals • Highly qualified investors • Can contribute in scientific and technological development • Are internationally successful in cultural, artistic or sporting activities • Can contribute to the international recognition or promotion of Turkey
Independent work permit	<ul style="list-style-type: none"> • Labour contract • Invitation letter • Application letter for work permit • Foreign personnel application form • Photocopy of the passport • Copy of the diploma or interim graduation certificate translated into Turkish by certified translators or official institutions • Turkey Trade Registry Gazette which shows the most recent capital and partnership structure of the organization or institution which will employ the foreign personnel • Balance sheet and profit/loss statement of the last year approved by the tax office or the certified public accountant 	This certificate is valid for three (3) months from the date of its issue	<ul style="list-style-type: none"> • Statutory managers of limited liability companies who are also shareholders of the relevant company • Board of directors' members of joint stock companies who are also shareholders of the relevant company • Commandite shareholders of partnerships in commendam, the capital of which is divided into shares



Value Added Tax (VAT)

- The standard rate of VAT is 18%.
- There is also a reduced rate of 8% applied to: basic foodstuffs; medical products; books; and other, and a super-reduced rate of 1% applied to: agricultural products; certain residential properties; newspapers & periodicals; and other.

VAT Rates	
Standard	18%
Reduced	8%
Reduced	1%
Zero	0%



Withholding Tax

Dividends

- Dividends paid to a nonresident company are subject to a 15% withholding tax, unless the rate is reduced under a tax treaty

Interest

- Interest on loans payable to a foreign state, international institution, or foreign bank or a foreign corporation that qualifies as a financial entity is subject to a 0% withholding tax.
- A 10% rate applies to interest paid on loans from other nonresident entities, unless the rate is reduced under a tax treaty

Royalties

- A 20% withholding tax is imposed on royalties paid to a nonresident, unless the rate is reduced under a tax treaty

Fees for Technical Services

- A 20% withholding tax is levied on fees paid for professional services, such as consulting, supervision, technical assistance, and design fees, unless the rate is reduced under a tax treaty.

Type of Payment	Residents		Nonresidents	
	Company	Individual	Company	Individual
Dividends	0%	15%	15%	15%
Interest	0%	0%	0%/10%	0%/10%
Royalties	0%	20%	20%	20%
Fees for technical services	0%	20%	20%	20%



Termination

- As per article 17 of Turkish Labor Law 4857, both employee and employer can terminate an open-ended employment contract, provided that required notice period is given to the other party.
- In case fixed-term employment contract is concluded only for a defined period of time (with a specified end date) there will not be a notice of termination/notice pay obligation.
- The minimum notice period depends on the length of service
- 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.
- Employee may pay the notice payment for terminating the contract (by resignation).
- In the presence of just cause for termination parties don't have to observe notice periods.
- Employers have the right to make a severance payment in lieu of notice.
- Severance payments are required for termination of an employment contract whether or not there is a just cause for termination
- The employee must have been employed for more than one year in order to receive severance.



Statutory Benefits

- These are mandatory benefits as mandated by law
- These include probationary period, public holidays, annual leave, sick leave, maternity leave, parental leave, overtime pay, notice period, and severance pay
- Statutory benefits also include social security benefits

Statutory Benefits

Probationary Period

Annual Leave

Public Holidays

Sick Leave

Maternity Leave

Parental Leave

Overtime Pay

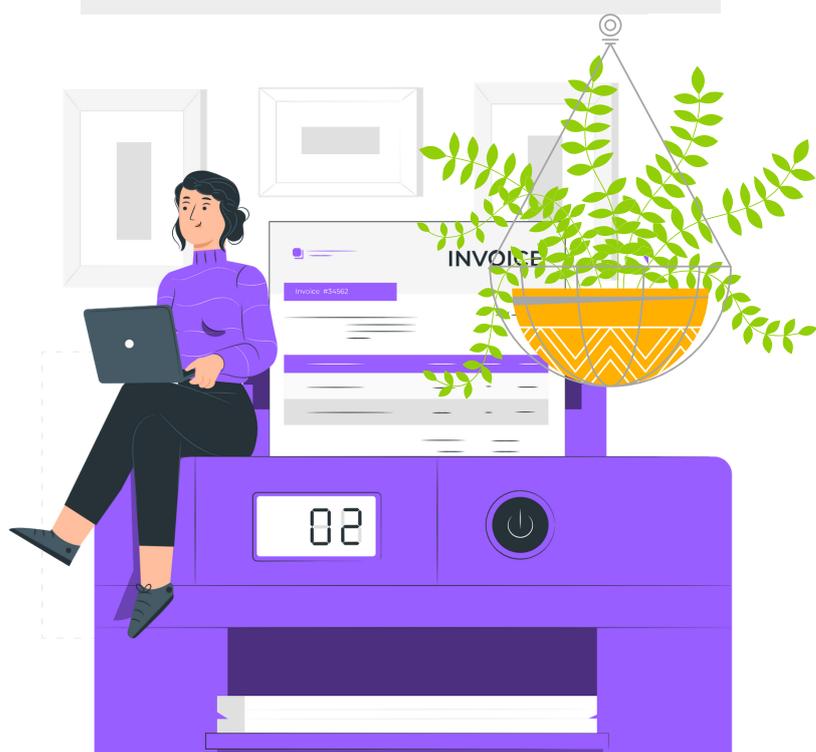
Notice Period

Severance Pay

Social Security Benefits

Payments and Invoicing

- Tax is imposed on a calendar-year basis in Turkey.
- Employers must withhold income tax from salaries and wages paid to employees.
- All withholding taxes must be declared monthly on the 23rd day and paid on the 26th day of the month following the month of payment (in cash or by accrual).
- A taxpayer who derives commercial or self-employment income must file and pay advance income tax quarterly.
- The advance tax amount equals 15% of net income.
- The advance payments must be made by the 17th day of the second month following the end of the quarterly tax period.
- Advance tax paid is deducted from the income tax payable in the final tax return.
- Annual income tax returns must be submitted to the tax authorities between 1 March and 31 March of the following year.
- The balance of tax due must be paid in two equal installments in March and July.
- Nonresidents are generally not required to file income tax returns if they have only earnings subject to withholding tax.
- Nonresident individuals or Turkish citizens who reside in Turkey with the intention of staying or nonresident individuals who derive income not subject to withholding tax must file annual income tax returns for other sources of earnings, including commercial income.
- If nonresident individuals having such earnings leave Turkey, they must file an "occasional" tax return 15 days before their departure.

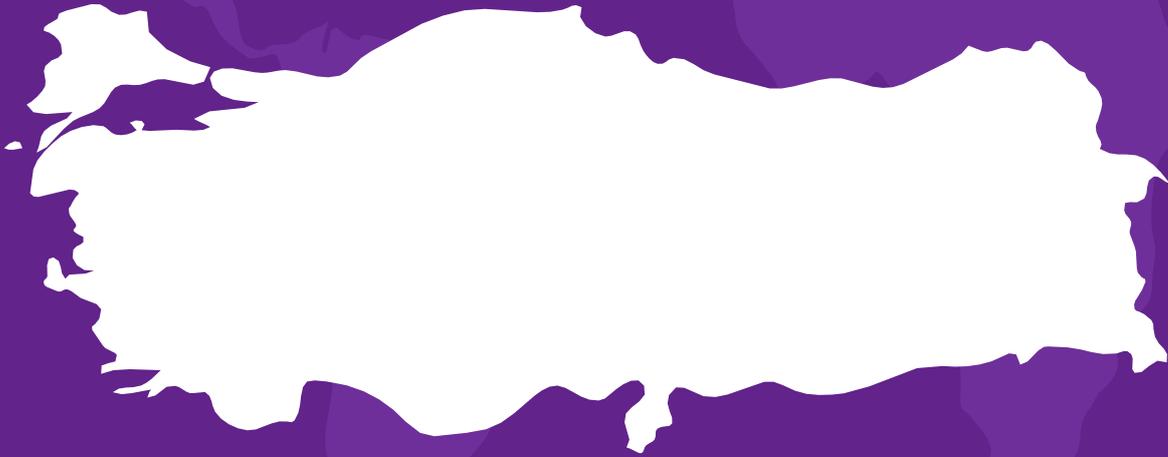




Ease of Doing Business

- The ease of doing business index is an index created by Simeon Djankov, an economist at the Central and Eastern Europe sector of the World Bank Group.
- Higher rankings (a low numerical value) indicate better, usually simpler, regulations for businesses and stronger protections of property rights.
- According to the World Bank Turkey ranked 33rd in the World in 2019 in terms of ease of doing business.

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