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Changes to minimum wage, severance payments and administrative fines

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At the beginning of each year, the minimum wage, severance payments and administrative fines prescribed by the Labour Act are revised. This article provides an overview of the 2022 changes, which came into effect on 1 January 2022.

Minimum wage

In 2021 the monthly minimum wage rate was 3,577.50 Turkish liras (gross). As of 1 January 2022, this has increased to 5,004 Turkish liras (gross). The new rate applies from 1 January 2022 to 31 December 2022.

The minimum wage applies to all employees, regardless of age, industry and experience. The only exception concerns employees who work in underground coal and lignite mines, where the minimum wage must equal at least twice the regular rate.

Following the publication of the Law Amending the Income Tax Law and Certain Laws in the *Official Gazette* on 25 December 2021,⁽¹⁾ the portion of salaries corresponding to the minimum wage, after deducting the social security contributions and unemployment insurance premium from the gross amount, shall be exempted from income tax. Also, the portion of salaries corresponding to the gross monthly minimum wage is exempted from stamp tax.

Severance payments

Subject to several conditions, employees are entitled to a severance payment of one month's salary for each year of service if they are dismissed. The government has determined a ceiling for such payments on a six-month basis. From 1 January 2022 to 30 June 2022, the maximum severance payment has increased from 7,638.69 Turkish lira (gross) to 10,848.59 Turkish lira (gross). The next adjustment to the maximum severance payment will be made on 1 July 2022.

Administrative fines

Several administrative fines are regulated under the Labour Act, including fines for a failure to:

- ensure the equal treatment of employees;
- pay the minimum wage;
- hire disabled persons; and
- follow collective redundancy procedures.

Administrative fines are also revised once a year. Compared with 2021, the rate of administrative fines in 2022 has increased by 36.20%.

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