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### Turkey: New Minimum Wage

(Jan. 7, 2016) As of January 1, 2016, the net minimum wage paid by Turkish businesses to their employees increased by about 30%, from TL1,000 to TL1,300 per month (about US\$333 – \$433). The Turkish government is to cover “some 40 percent of the cost,” about TL110, of the increase, amounting in all to around TL9.7 billion (about US\$3.3 billion), “but only for 2016,” according to Minister of Labor and Social Security Süleyman Soylu. (*Turkish Gov't to Cover 40 Pct of Cost of Minimum Wage Hike in 2016; Minister*, HÜRRİYET DAILY NEWS (Dec. 30, 2015).) The increase, said to affect 8.5 million employees, is “expected to cost the private sector around 20 billion liras ... [about US\$6.7 billion], leading critics to warn of job losses.” (*Id.*)

Under the new scheme, the gross monthly minimum wage is TL1,647 (about US\$549), with the total cost to the employer being TL1,935 (about US\$660) per employee after adding in social security contributions and unemployment coverage. (*Id.*; Emrah Ferhatoglu, *Turkey: Minimum Wage Determination Commission Agrees on New Minimum Wage*, TAX NEWS SERVICE (Dec. 31, 2015), International Bureau of Fiscal Documentation online subscription database; *How Much Was the Minimum Wage? The Hike and AGI Minimum Wages*, MILLIYET.COM.TR (Jan. 4, 2016) (in Turkish); General Directorate of Labor/Department of Union Membership and Statistics, *Calculation of Net Minimum Wage and Employer Cost, Jan. 1, 2016 – Dec. 31, 2016*, Ministry of Labour and Social Security website (last visited Jan. 6, 2016) (in Turkish); *Calculation of Minimum Wage and Its Cost to Employer*, TURKISH LABOR LAW (Jan. 4, 2016).)

Soylu stated that the minimum wage increase would be presented as a law proposal to the Speaker of the Grand National Assembly, Turkey's parliament, with the support of the ruling Justice and Development Party (AKP) as well as the opposition Republican People's Party (CHP) and Nationalist Movement Party (MHP), but not the Peoples' Democratic Party (HDP). (*Turkish Gov't to Cover 40 Pct of Cost of Minimum Wage Hike in 2016: Minister, supra.*) The proposal was presented to Parliament on December 31 as part of an omnibus piece of legislation. (Isa Karakas, *In 'New Omnibus Law,' New SGK [Social Security Institution] Premium Incentive Surprise*, MUHASEBEDR.COM (Jan. 3, 2016) (in Turkish).)

Despite the large increase in the minimum wage, it has been pointed out that the minimum living allowance (*asgari geçim indirimi*, or AGI) is included in the new minimum wage, instead of being added to it as had been done in the previous year. For an average employee, this means that the old amount would be almost the same as the new net minimum wage amount. (*Minimum Wage AGI Shock*, MILLIYET.COM.TR (Jan. 5, 2016) (in Turkish).)

#### *Basis for Determination of the Minimum Wage*

The Minimum Wage Fixing Board under Turkey's Ministry of Labour and Social Security, based on article 39 of the country's Labor Code, determines and revises the minimum wage at least every two years. For workers engaged in the coal and lignite industry, the employer must provide a minimum wage that is at least double that of the regular minimum wage determined by the commission. (*Employment and Employee Benefits in Turkey: Overview*, PRACTICAL LAW (Law as of Nov. 1, 2015); *4857 Labor Law English Plain Text*, art. 39, TURKISH LABOR LAW (last visited Jan. 6, 2015); *Labor Law*, Law No. 4857 (May 22, 2003, as last amended Apr. 23, 2015), MEVZUAT (in Turkish); see also Wendy Zeldin, *Turkey: Minimum Wage Increase Proposed*, GLOBAL LEGAL MONITOR (Nov. 17, 2015).)

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**Topic:** [Labor, Wages and hours](#)

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