

**Subject:**

**THE LAW NO. 7244 AMENDING THE LAW ON THE MITIGATION OF THE IMPACTS OF THE CORONAVIRUS (COVID-19) ON ECONOMIC AND SOCIAL LIFE AND CERTAIN LAWS PUBLISHED IN THE OFFICIAL GAZETTE.**

"The Law No. 7244 Amending the Law on the Mitigation of the Impacts of the Coronavirus (Covid-19) on Economic and Social Life and Certain Laws" was published in the Official Gazette No. 31102 of April 17, 2020.

Some of the said regulations are summarized as below.

**1-Employers May Not Dismiss Employees For A Period of Three Months, But They May Put Their Employees On Unpaid Leave**

Through the amendment in the Labor Law, no work or service contract covered or not covered by the Labor Law may be terminated by the respective employers for a period of three months from April 17, 2020 (except for the subparagraph titled "Cases violating the code of ethics and good faith and so on" under paragraph one of Article 25 of the Labor Law titled "Right of Immediate Termination of The Employer With Just Reason"). The President has the power to extend the three-month period to six months. During the said three-month period, the employer may put employees on unpaid leave. Being put on unpaid leave within the scope of this article will not grant such employees the right to terminate their contracts with just reason (in other words, employees may not terminate their work contracts by demanding a seniority pay). In case of termination of a work contract in violation of this regulation, the employer/employer representative will be imposed an administrative fine equivalent to the monthly gross minimum wage for each employee.

**2. Granting a Wage Support to Those Who Are Put on Unpaid Leave or Are Dismissed Following March 15, 2020 But Are Not Entitled to Any Unemployment Benefit**

Through an amendment in the Unemployment Insurance Law, a cash wage support of TRY 39.24 will be offered from the Unemployment Insurance Fund to;

- Employees put on unpaid leave and those who cannot benefit from short-time work,
- Employees who were dismissed after March 15, 2020 but cannot benefit from the unemployment benefit,

for each day during the ban of termination set within the framework of Provisional Article 10 of the Labor Law (for three months) (except for those entitled to an old age pension).

If an employee put on unpaid leave and benefitting from the wage support is found to be actually employed, an administrative fine will be imposed on the relevant employer at an amount equivalent to the gross minimum wage separately for each employee employed in this way and for each month during which s/he is employed and the paid cash wage support including the statutory interest to be accrued from the date of payment will be collected from the employer.

### **3. Short-Time Work Allowance Applications Will be Processed and Payments will be Made Without Waiting for a 60-Day Review Period**

Through this regulation, short-time work allowance will be paid based on the declaration of employers without waiting for the completion of the "compliance check" in relation to the short-time work applications filed by employers due to compelling reasons in the light of New Coronavirus (Covid-19). Excess and improper payments made based on the submission of incorrect information and documents by employers will be collected from them along with the relevant statutory interest.

### **4. Corporations Will Not Subject More Than 25% of Net Profits for 2019 and All Profits from Previous Years to Profit Distribution Until September 30, 2020**

A regulation was made in the Turkish Commercial Code so as to make sure that the corporations' capital is not reduced by way of cash profit distribution, the existing equity structures of the corporations are protected and no additional financing need will arise as per the prudence principle since economic activities have slowed down, the borders are closed and impacts of the pandemic on the public health and economy have not been clearly unveiled due to uncertainties in both the supply and demand side of the economy. Accordingly;

All corporations except for the corporations more than fifty percent of which is directly or indirectly owned by the state, special provincial administrations, municipalities, villages and other public legal entities and by the funds more than fifty percent of which is owned by public institutions;

- May not take the following actions until September 30, 2020:
- They may only distribute 25% of their net profits for 2019 and may not distribute any portion exceeding this rate,
- They may not include profits from previous years and free reserves in the said distribution,
- The general assembly may not authorize the board of directors to distribute advance dividends,
- If a profit distribution resolution was taken by the general assembly for the 2019 accounting period but no payment has been made or a partial payment has been made to the relevant shareholders yet, the payments corresponding to the portion exceeding 25% of the net income for 2019 must be deferred until September 30, 2020.

## **5. Implementation of Supports, Discounts and Incentives Upon the Execution of Activities Normally Conducted in R&D and Design Centers Outside Such Centers and the Execution of Activities Normally Conducted in Technology Development Zones Outside Such Zones**

The activities performed in R&D and design centers and technology development zones may be performed outside such centers or zones for a maximum period of 4 months starting from March 11, 2020 subject to permission to be granted by the Minister of Industry and Technology. Discounts, exemptions, supports and incentives will continue to apply for the activities performed in R&D and design centers and technology development zones during the said period of permission.

## **6. Suspension of Collective Labor Agreements and Strike and Lockout Processes for Three Months**

The relevant regulation provides that negotiations for collective labor agreements, the settlement of collective labor disputes as well as strike and lockout processes have been suspended for three months and the statute of limitations stipulated in the Law will also be suspended so as not to cause any forfeiture for the parties upon suspension.

Besides, the Law also covers regulations aimed at postponing, not receiving or restructuring certain receivables as well as some regulations concerning the extension of time.

Sincerely,

**DENGE İSTANBUL YEMİNLİ  
MALİ MÜŞAVİRLİK A.Ş.**

(\*) The remarks in our circular are for informational purposes only. We recommend that the opinion and support of a qualified counsellor be received before establishing final transactions on the questionable matters. Our company shall not be held responsible for any damages to be incurred as a result of transactions to be made solely on the basis of the statements in our circular.

(\*\*) For opinions, criticisms and questions about our circulars, you can contact our specialists the contact information of whom is provided below.

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