

THE OECD TAX-BENEFIT MODEL FOR TURKEY

Description of policy rules for 2020



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This version : October 2020

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Preface

This report provides a detailed description of the tax and benefit rules in the Turkey as they apply to individuals of working age and their dependent children. It also includes output from the [OECD Tax-Benefit model \(TaxBEN\)](#), which puts all these complex legal rules into a unified methodological framework that enables international comparisons of how tax liabilities and benefit entitlements affect the net disposable income of families in different labour-market circumstances. The report describes the policy rules that are relevant for the family, individual and labour market circumstances that are within the scope of the TaxBEN model. The **Annex** provides information on other cash benefits and taxes on employment incomes that can be relevant for some members of the working-age population, but are not included in the TaxBEN model.

TaxBEN is essentially a calculator of tax liabilities and benefit entitlements for a broad set of *hypothetical* families (“vignettes”), e.g. a married couple of 40 years old adults with two children aged 4 and 6. TaxBEN incorporates rules on the main taxes on employment income, social contributions paid by individuals and employers, as well as the main cash and near-cash benefit programmes, including unemployment benefits, family benefits, guaranteed minimum-income benefits, cash housing benefits, and employment-conditional benefits. Disability benefits as well as maternity and parental leaves benefits are included in the model for a sub-set of countries and years. The most important policy areas that are outside the scope of the model include taxes on wealth (e.g. taxes on immovable and unmovable properties, including local taxes), indirect taxes (e.g. VAT), early-retirement benefits, sickness benefits and in-kind transfers (e.g. free school meals, subsidised transport and free health care).

Users can access TaxBEN through a user-friendly [web interface](#) that allows calculating tax and benefit amounts for selected family and individual characteristics. Available characteristics include the age and number of children, the economic activity of family adult members, working hours, wage rates, unemployment duration, etc. The OECD has updated the model annually since 2001 for most OECD and EU countries.

Reading notes and further details on the scope and content of this report

- The **reference date** for policy rules described in this report is **January 1, 2020**.
- **Guidelines for completing and updating this report** are provided [here](#).
- Further information on TaxBEN, OECD policy indicators based on TaxBEN, and references to reports and analytical uses of the TaxBEN model is available on the [project website](#). A [methodology](#) document provides a full description of the assumptions underlying the model as well as the model’s parameters that users can change.
- The symbol  in the text provides a link to a glossary of technical terms.
- Section titles provide the names of taxes and benefits as they are known in the country: first, direct translation into English, then (in brackets) the name in the national language.
- In order to facilitate transparency between the policy descriptions and the associated code in the TaxBEN model, TaxBEN variable names are indicated in the text using the format **[variable name]**, for instance: **[AW]** for the average wage.

The OECD tax-benefit model for Turkey: Policy rules in 2020

1. Reference wages

Average wage **[AW]**: The OECD tax-benefit model (**TaxBEN**) uses Secretariat estimates of the average full-time wage (available [here](#)).¹ If Secretariat estimates are not available at the time this report, the TaxBEN model uses wage projections obtained by applying forecasted wage growth to the latest available wage estimate.²

Minimum wage **[MIN]**: On the 1st of January 2020, the annual statutory minimum wage was 35.316 TL. The annual minimum wage is computed by multiplying the minimum daily amount set by the law – 98.10 TL on the 1st of January 2020 – by 30 and by 12, i.e. $12 \times 30 \times 98.10$ TL.

2. Unemployment benefits

Variable name: **[UB]**

Turkey provides an unemployment benefit based on a contributory insurance scheme according to the Unemployment Insurance Law, covered in Section 2.1. There were no other non-contributory and/or means tested unemployment benefits in 2020.

2.1. Unemployment Insurance (*İşsizlik Sigortası*)

TaxBEN variable names: **[UI_p; UI_s]**

This is contributory benefit, not means-tested and not taxable.

Unemployment Insurance is a compulsory insurance that performs with insurance techniques, covering a proportion of the income loss due to unemployment, of those who have lost their jobs unintentionally without any fault, despite their will, ability, health and qualifications for work for a period of time.

The reference in the legislation is the Unemployment Insurance Law No.4447.

The Government, employers and the insured covered by the Law No. 4447 pay unemployment insurance premiums in order to finance all kinds of payments and service expenditure necessary for unemployment insurance. The unemployment premium is taken as 1% from the insured person, 2% from employer and 1% from the government share from the premium based monthly gross income.

Persons under the scope of unemployment insurance are rated in the forty sixth article of Unemployment Insurance Law No.4447. According to this article insured persons are:

- Those who are in the scope of (a)-clause of the first paragraph and the second paragraph of the fourth article of Law on Social Insurance and General Health Insurance numbered 5510;

¹ Average Wages are estimated by the [Centre for Tax Policy and Administration](#) at the OECD. For more information on methodology see the latest [Taxing Wages publication](#). The national currency is the Türk Lirası (TL). Turkey has changed its national currency unit in 2005 (after 1 January 2005, 1YTL = 1 million TRL, after 1 January 2009, 1TL = 1 YTL).

² Wage growth projections are based on [OECD Economic Outlook](#) for OECD countries and [EU economic forecasts](#) for non-OECD EU countries.

- Voluntarily insured paying unemployment insurance in the scope of the first paragraph of the fifty second article of the Law No. 5510, and the insured in the scope of the sixth additional article of the same Law; within those who work with part time labour contract according to law numbered 4857;
- The insured persons who are subject to funds stated in temporary twentieth article of Law on Social Insurance numbered 506.

The following benefits and services are provided for unemployed insured persons by İŞKUR (Turkish Employment Agency):

- Unemployment insurance benefit;
- Universal Health Insurance premium payments required by the Law No. 5510;
- Assistance to finding a new job;
- Active labour services;
- Advisory services.

TaxBEN note: the OECD calculations include only the unemployment insurance benefit.

2.1.1. Eligibility conditions

Unemployment benefits are paid regardless of age, sex, marital status, etc. differences. Conditions and entitlements are the same for everyone.

Conditions of the Entitlement for Unemployment Benefit

- The contract of the insured should end without the will and the fault of the insured,
- Applying to İŞKUR personally or electronically, within 30 days as of the termination of the labour contract,
- Under the condition of working with a labour contract in the last 120 days before the labour contract ends, unemployment insurance premiums should be paid at least 600 days within the last 3 years.

The delay time of applications apart from force majeure is deducted from the duration of the entitlement.

2.1.2. Benefit amount

The daily unemployment benefit is 40% of the daily average gross earnings. Daily average gross earnings are calculated considering the earnings taken as basis for unemployment insurance premiums over the last 4 months. The amount of the unemployment benefit, calculated as described above, cannot exceed 80% of the daily gross minimum wage less the Stamp tax, whose (flat) rate in 2020 was 0.759% (see Section 8). As the daily gross minimum wage in 2020 was TL 98.10, the maximum daily unemployment benefit was 78.48 TL *minus* 0.5956 TL of stamp tax, i.e. 77.88 TL (or $77.88 \times 30 = 2336.53$ TL per month). The unemployment benefit amount cannot be lower than 50% of the maximum benefit amount, i.e. $0.5 \times 77.88 \text{ TL} = 38.94$ TL (or $38.94 \times 30 \text{ TL} = 1168.2$ TL per month).

2.1.3. Benefit duration

Within the last 3 years before the termination of labour contract;

- Insured, unemployed persons who have worked with insurance and paid unemployment insurance premiums for 600 days receive payments for 180 days,
- Insured, unemployed persons who have worked with insurance and paid unemployment insurance premiums for 900 days receive payments for 240 days,

- Insured, unemployed persons who have worked with insurance and paid unemployment insurance premiums for 1080 days receive payments for 300 days.

There is no waiting period for those entitled to unemployment benefits.

2.1.1. Means test

The benefit is not means-tested.

2.1.2. Tax treatment

Unemployment benefits are subject to stamp taxes only.

2.1.3. Interactions with other components of the tax-benefit system

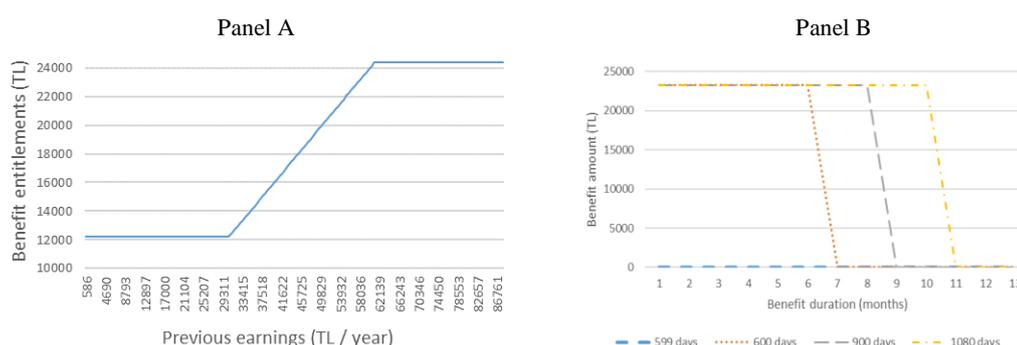
There are no interactions between unemployment insurance and other income support measures. Receiving unemployment insurance does not prevent eligibility for social assistance benefits as long as the Board of Trustees of the Social Assistance and Solidarity Foundation (SASF) approves social assistance payments (see Section 3 for details on social assistance payments and the SASF's Board of Trustees).

2.1.4. Combining benefit receipt and employment/starting a new job

If the insured person takes up employment before the unemployment benefit expires and he/she becomes unemployed *again* before fulfilling again the conditions for receiving unemployment insurance, he/she continues to benefit from this right until the end of the unemployment benefit period he/she was entitled before the employment spell. However, if the person becomes unemployed again and fulfils the conditions prescribed in the Unemployment Insurance Law, his/her previous UI entitlement terminates and he/she receives the unemployment benefit that arises from this new entitlement.

Figure 1. Unemployment benefit entitlements

In 2020. By previous earnings, duration and days of unemployment insurance premiums.



eligibility requirements for UA programmes often include conditions on previous work history and/or exhaustion of previous unemployment insurance entitlements. UA benefits are usually non-contributory and means-tested, that is, receipt is conditional on the family's income and assets being below a certain level.

According to the definition above, in Turkey 2020, there was no UA programme. Instead, those who are unemployed and are in household whose neediness is decided by the Board of Trustees of the Social Assistance and Solidarity Foundations (SASFs) are supported with targeted social assistance programmes (Section 3).

3. Social assistance and housing benefits

The purpose of Social Assistance (SA) programmes is to reduce the risks of income poverty and social exclusion. As a result, low income is one of the main eligibility requirement that characterize these benefits, whereas previous work history and activation requirements are less relevant (this is the main difference between SA and UA programmes, see also Section 2.2.).

Turkey does not currently have a national Guaranteed Minimum Income (GMI) programme. Social Assistance in Turkey consists of many different categorical programmes that provide direct cash support and access to in-kind services to specific population groups.

Social assistance in Turkey is managed at the national level by the Social Assistance Directorate General (SADG) under the Ministry of Family, Labour and Social Services. Social assistance is implemented by 1.003 locally based Social Assistance and Solidarity Foundations (SASFs) which are under the supervision of provincial and sub-provincial governors.

In 2020, there were 42 national social assistance programmes for different disadvantaged population groups (of any age). Out of these 42 programmes, 16 are regular programmes that cover 85% of the overall budget for social assistance. Table 1 shows the number of beneficiaries and the amount allocated for regular social assistance programmes.

Table 1. Overview of regular social assistance programmes in Turkey (2018)

| | Type | Programme | Recipients | Spending (TL) |
|----------------------------------|--|---------------------------------------|-------------|---------------|
| Cash benefits | Family Assistance | Orphan Assistance | 60.311 | 58.466.700 |
| | | Multiple Birth Assistance* | | |
| | | Assistance for Widowed Women | 268.907 | 737.264.275 |
| | | Assistance for Needy Soldier Child | 14.722 | 8.969.200 |
| | | Assistance for Needy Soldier's Family | 101.298 | 178.200.825 |
| | Health Assistance | Conditional Health Assistance | 1.225.402 | 382.235.800 |
| | | Silicosis Payment | 168 | 1.771.611 |
| | | Chronic Illness Assistance | 2.576 | 19.914.302 |
| | Old-Age and Disabled Assistance | Universal Health Insurance | 6.945.909 | 8.973.991.905 |
| | | Old-Age Pensions | 709.590 | 2.900.132.244 |
| | | Disabled Pension | 621.934 | 3.022.881.205 |
| | Housing-Food Assistance | Disabled Relative Pension | 93.003 | 345.555.525 |
| | | Emergency Social Safety Net** | 1.519.591 | 2.117.900.480 |
| | Education Assistance | Electricity Consumption Assistance* | | |
| Conditional Education Assistance | | 2.517.680 | 643.102.505 | |
| | Conditional Education Assistance for Foreigners ** | 323.418 | 175.272.450 | |

* Launched in 2018-2019.

** Funded by the European Union.

Source: Ministry of Family, Labour and Social Services, General Directorate of Social Assistance.

The reminder of this section describes the Social Assistance programmes that are included in the OECD tax-benefit model (TaxBEN). While the other regular cash transfers are a relevant part of the Turkish social protection system they are outside the scope of the OECD tax-benefit model.³

3.1. Conditional Cash Transfer (CCT) for Education and Health Assistance

The CCT programme provides regular cash assistance to the population having difficulties in sending their children to school, or having regular health controls due to the shortage of economic resources. The CCT programme consists of following three components:

- a. Conditional Pregnancy Assistance (before and at birth)
- b. Conditional Health Assistance (for pre-school children between 0 and 6 years)
- c. Conditional Education Assistance (for children in school age)

3.1.1. Eligibility conditions

Pre-natal Assistance (Şarhı Gebelik ve Doğum Yardımı): Recipients are required to visit the clinics according to the table given by the Ministry of Health. Follow-up periods are as follows: (i) regular check-ups are required every month until the birth, (ii) birth shall be given in hospital, and (iii) post-birth check-ups are required following the birth.

Health Assistance (Şarhı Sağlık Yardımı): Recipients have to go to the clinic regularly, according to the table given by the Ministry of Health. Health follow-up periods are as follows: (i) children at 0 to 6th months require regular check-ups every month, (ii) children of 7th to 18th months require regular check-ups every two months, and (iii) children of 19th to 72nd months require regular check-ups every six months.

Education Assistance (Şarhı Eğitim Desteği): Recipients are required to attend the school regularly every month. The condition for the receipt of educational support regularly is (i) to attend the school by 80% of the total education days monthly, and (ii) not to repeat the same grade more than once. In general, Education assistance is for children attending primary school. However, within the scope of Law No. 3294, it is possible for children who are at least 4 years old (48 months) and attend pre-school education to receive CCT for Education if the relevant SASF approves. In such case, the data of the child (student status, school attendance, etc.) are transferred to the Integrated Social Assistance Information System through the database of the Ministry of National Education.

Electricity Consumption Assistance: as of 2019, all recipients of the Conditional Cash Transfer programme (either pre-natal, education or health assistance) receive Electricity Consumption Assistance (ECA) as long as the eligibility conditions to the CCT hold. Amounts since the first period of implementation are provided below. If the household is eligible for CCT throughout the year, it receives ECA for 12 months (1 ECA per month).

³ For instance, the ‘food’ and ‘coal’ social assistance programs are cash benefits whose entitlements are not defined by a national law, but are decided case by case by the Board of Trustees of the SAS Foundations, depending on the socio-economic characteristics of the claimant and the local conditions.

| Household size | support amount (kw/h) | As of 01/2019 | As of 07.2019 | As of 10/2019 | As of 10/2020 | As of 01/2021 |
|-----------------------|------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 1-2 | 75 kw/h | 40,31 TL | 46,36 TL | 53,27 TL | 56,33 TL | 59,71 TL |
| 3 | 100 kw/h | 53,75 TL | 61,81 TL | 71,02 TL | 75,11 TL | 79,61 TL |
| 4 | 125 kw/h | 67,19 TL | 77,27 TL | 88,78 TL | 93,88 TL | 99,52 TL |
| 5+ | 150 kw/h | 80,63 TL | 92,72 TL | 106,53 TL | 112,66 TL | 119,42 TL |

While the ECA is paid to all CCT recipients, the same child cannot receive simultaneously the CCT for education and the CCT for health. However, the family can choose the most convenient transfer (see section 3.1.2 for the benefit amounts).

TaxBEN notes:

- The OECD calculations assume that the CCT for Education is paid to children who start the primary school. As the model assumes that a child attends the primary school from the age of 6, a family that is eligible for the CCT receives the CCT for Health if the child is 5 years old, and the CCT for Education if the child is 6 years old.
- When model users activate the option ‘childcare’ the calculations will assume that the child attends a pre-school facility before they turn six. In this scenario, a family with a child between of at least 48 months who is eligible for the CTT programme, will select the most convenient transfer between the CCT for Education and the CCT for Health.

Payments of the three components of the CCT programme are stopped in the following circumstances:

- If the family changes address without informing the relevant SASF where they made the first claim.⁴
- If the child or the entitled parent pass away.⁵
- If the situation of vulnerability, as determined by the Board of Trustees disappears.
- If an household member pays social security contributions for old age, invalidity, death/survivor benefits (i.e. the ‘Long-Term Insurance Branches’ of the social security system (see also Section 7.1), or receives benefits that falls within the LTIB.⁶ However, if the recruitment of the household member receiving CCT occurs via the ‘Employment Incentive Program’ (Section 3.1.6) managed by the Turkish Employment Agency (İŞKUR), the household continues to receive CTT benefits for 12 additional months. Assistance is not terminated also if the employment activity is within the scope of ‘short term’ insurance branches, e.g. in case of apprentices, internships and İŞKUR trainees

As of 2016, social assistance benefit recipients who are considered “employable” have to register with the public employment agency (İŞKUR). If the registered social assistance recipient refuses to participate in the active labour market programme suggested by the

⁴ However, if the family make a new claim to the local SASF where the new residence address is located, and the SASF approves, the assistance continues.

⁵ If the parent who is legally responsible of the child(ren) dies, the relevant SASF will seek to find another adult in the same household to ensures the continuation of social assistance.

⁶ This implies that CCT payments are stopped if any household members is in formal employment. However, although the presence of an employed household member prevents the household from benefitting from regular-central social assistance programmers, the household can still claim *periodical* social assistance under certain conditions.

İŞKUR, or refuses to take up a job after three job offers, social assistance payments are stopped for one year.

TaxBEN note: the OECD tax-benefit model assumes that the eligibility conditions described in this section are met and that families comply with all the relevant requirements.

3.1.2. Benefit amount

Pre-natal Assistance: According to the regulations that were in force on the 1st of January 2020, pregnant women received 35 TL per month on condition that they undergo regular check-ups during the nine months of pregnancy and in the two months after birth. Pregnant women received also 70 TL if they deliver at the hospital.

| | Pregnancy Assistance | Birth Assistance | Puerperant Assistance |
|------------------------------|----------------------|------------------|-----------------------|
| (2005 January-2008 December) | 17 | 55 | 17 |
| (2009 January-2011 December) | 20 | 60 | 20 |
| (2012 January-2014 March) | 30 | 70 | 30 |
| (2014 March-2020 April) | 35 | 75 | 35 |
| (2020 April-current period) | 45 | 100 | 45 |

TaxBEN note: the pregnancy / birth and puerperant assistance components of the CCT programme are not included in the OECD calculations.

Health Assistance: Recipients of this assistance should bring their child to the medical checks and follow-ups specified by the Ministry of Health. Payments are made to accounts opened directly on behalf of the mother. Table 2 provides details on the follow-up periods and the amount received for each visit (reference date: 1st of January 2020). The benefit is paid as many times as the number of eligible children in the family. From April 2020, the amount per visit has increased to 45 TL – this reform will be included in the 2021 TaxBEN calculations.

Table 2 – Amounts of the Health Assistance component (2020)

| Follow-up period determined by the Ministry of Health (measured in days of the newborn) | Follow-up period measured in months of the newborn | Amount of the Assistance to be calculated | Amount of the Assistance to be paid (in TL) |
|--|--|---|---|
| Just after birth (in the hospital) | 1-1 | 35-TL x1 | 35,00 |
| 0-48 hours after birth (in the hospital) | | | |
| 3-25 | 2-2 | 35-TL x1 | 35,00 |
| 30-55 | | | |
| 60-85 | 3-3 | 35-TL x1 | 35,00 |
| 90-115 | 4-4 | 35-TL x1 | 35,00 |
| 120-150 | 5-6 | 35-TL x2 | 70,00 |
| 175-210 | 7-8 | 35-TL x2 | 70,00 |
| 250-290 | 9-12 | 35-TL x4 | 140,00 |
| 365-394 | 13-16 | 35-TL x4 | 140,00 |
| 481-570 | 17-22 | 35-TL x6 | 210,00 |
| 661-750 | 23-28 | 35-TL x6 | 210,00 |
| 841-930 | 29-34 | 35-TL x6 | 210,00 |
| 1021-1110 | 35-44 | 35-TL x10 | 350,00 |
| 1321-1530 | 45-56 | 35-TL x12 | 420,00 |
| 1681-1890 | 57-72 | 35-TL x16 | 560,00 |
| Total: | 72 months | | 2.520,00 |

Amounts per visit for the previous years since first year of implementation. Apr-Aug 2003: 10 TL; Sep-Dec 2003: 12.4 TL; Jan-Jun 2004: 15; Jul-Dec 2004: 16.5; Jan 2005-Dec 2008: 17 TL; Jan 2009-Dec 2011: 20 TL; Jan 2012-Mar 2014: 30 TL; Apr 2014-Mar 2020: 35; Apr 2020-present: 45 TL.

TaxBEN note: TaxBEN assumes that the family made 12 visits per year during the first three years of the new born, then 10 visits per year during the 4th and 5th year of the new born, and 8 visits during the 6th and 7th year of the new born.

Education Assistance: Payments are made in general to the mother of the child. The amount paid to female pupils and students of secondary education is higher in order to increase the schooling for girls and the transition rates from primary to secondary education. For pre-school children who are eligible for the CCT for Education, the rates are the same as for primary school. Monthly payment amounts are shown in Table 3. The benefit is paid as many times as the number of eligible children in the family.

Table 3 – Amounts of the Education Assistance component

| Period of application | Monthly amount per student (in TL) | | | |
|----------------------------|------------------------------------|---------------------|-------------------------|-----------------------|
| | 1 child | 2 children | 3 and more children | |
| 2003 April- August | 12 | 10 | 8 | |
| 2003 August-December | 13.8 | 12.4 | 11 | |
| 2004 January-June | 16.5 | 15 | 13 | |
| | Primary School Female | Primary School Male | Secondary School Female | Secondary School Male |
| 2004 July-December | 20 | 16.5 | 35 | 25 |
| 2005 January-2008 December | 22 | 18 | 39 | 28 |
| 2009 January-2011 December | 25 | 20 | 45 | 35 |
| 2012 January-2014 March | 35 | 30 | 55 | 45 |
| 2014 March-2020 April | 40 | 35 | 60 | 50 |
| 2020 April-Present | 50 | 45 | 75 | 55 |

TaxBEN notes:

- Because the reference policy date of the TaxBEN model for 2020 is the 1st of January 2020, the relevant amounts are those that apply before April 2020.
- As primary education (*İlköğretim*) in Turkey is for children between 6/7 and 14/15, TaxBEN assumes that children start primary education at the age of 6 (included) and complete the cycle at the age of 14 (excluded). In line with this assumption, TaxBEN assumes that secondary education (*Lise*) starts at the age of 14 (included) and ends at the age of 18. As TaxBEN does not control for the gender of children, amounts in the 2020 calculations are defined as follows: for primary education: $(40+35)/2$ TL. For secondary education: $(60+50)/2$ TL.

3.1.3. Means test

The targeting mechanism for the CCT programme follows a “verified means test” approach that uses information from many different institutions to identify the real need for social aid. The process starts with the claimant who fills in an application form in a SASF office. The form includes demographic and socio-economic characteristics of the claimant and their household. During this step, the claimant gives also his/her consent to further inquiries via the Integrated Social Assistance System (ISAS). In parallel with these inquiries, the household receives a visit by a SASF social workers who will verify the information provided by the claimant and collect additional information about the household’s level of vulnerability. The final decision about the need for social aid is made by the Board of

Trustees of the competent SASF and will take into account all the information collected throughout the process.⁷

A central component of the ‘verified means test’ is the amount of economic resources available at the household level. In general, if the monthly per capita household income is above one third of the net minimum wage (i.e. the gross minimum wage provided in Section 1 less the Stamp tax described in Section 8), the family is not eligible for the CCT.⁸

The method used for calculating the monthly per capita household income is based on the General Health Insurance Income Test (GHSIT). The test considers all possible income sources of all household members including movable and immovable properties (and the rights arising from them), the monthly average of any other regular cash benefits received (home care, scholarship, etc., see Table 1), the monthly average of unemployment insurance (Section 2).

TaxBEN note: the OECD calculations assume a positive decision of the Board of Trustees. The main element of the ‘verified means test’ that enters the OECD calculations is the General Health Insurance Income Test, which is calculated following the rules described in this Section.

3.1.4. Tax treatment

CCT amounts are not taxable.

3.1.5. Interactions with other components of the tax-benefit system

Recipients of unemployment insurance (Section 2.1) and other social assistance benefits can receive the CCT as long as the Board of Trustees approves the CCT payment. Preconditions for this approval are:

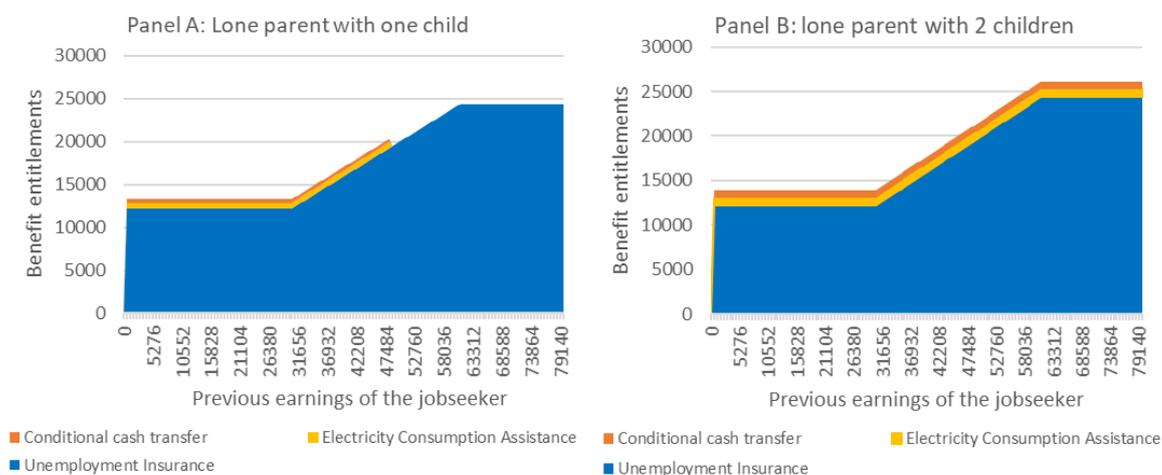
- Complying with the requirements listed in Section 3.1.1;
- Passing the ‘verified’ meant test described in Section 3.1.3.

⁷ During the home visit, the SASF social worker collects additional information on the household’s level of vulnerability. This information is used to perform a ‘proxy means test’ whose results are used to inform the final decision from the SASF Board of Trustees. The information collected by the social workers in the application form allows calculating a score of the household’s level of need, which is then compared with the rest of the population (using data from the Income and Living Conditions and Household Budget Surveys and an ad-hoc statistical procedure). In practice, households are ranked from lowest to highest score, and a cut-off point is determined based on the available budgetary envelope. If the selected household is below the cut-off point, the household ‘passes’ the proxy means test.

⁸ The condition of the per capita income to be 1/3 of the net amount of the minimum wage does not necessarily implies that the household can benefit from the CCT program. In the case of the detection of the household to be in need by the Board of Trustees of the SAS Foundations, the household can benefit from CCT even if the per capita income is higher. However, in general, recipients of the CCT programme meet this income requirement.

Figure 2. Unemployment insurance and conditional cash transfers

By previous earnings of the jobseeker and family size



Note: Calculations for a jobless lone parent eligible for unemployment insurance (blue area) and conditional cash transfer for health (orange area). The electricity consumption assistance paid together with the CCT amount is the yellow area (see section 3.1.2. for details on this payment). Results assume that the family has no other income sources. Calculations in Panel A assume one child of 2 years old. Calculations in Panel B assume two children aged 2 and 4, respectively. The calculation of the CCT amount for health assume that the parent made 12 visits to the doctor during the year for the child of 2 years old, and 10 visits for the child of 4 years during the same period.

Results in Panel A show that the CCT income test for the lone parent with one child is binding when the per-capita household income is above one third of the net minimum wage. Results in Panel B show that a lone parent receiving the unemployment benefit will pass the CCT income test even when entitled to the maximum unemployment insurance amount as long as he or she has two children.

Source: [OECD Tax-benefit model](#), 2020.

3.1.6. Combining benefit receipt and employment/starting a new job

In general, the CCT programme is not compatible with regular employment activities. If regular employment and/or social security contribution payments to Long-Term Insurance Branches (LTIBs, see also Section 7.1) made by any members of a household that receives the CCT benefit is detected, the CCT is terminated.⁹

However, if the employment activity is offered by İŞKUR (the Turkish Employment Agency) within the programme ‘Activating the Relation between Social Assurances and Employment’ (the programme is active since 14.07.2014), the CCT payment is not terminated. CCT recipients involved in this programme have also other advantages:

- “Job Guidance Assistance”. A transfer paid maximum 3 times in a year for expenses such as transportation, state of health and headshot photo needed for the job interview and to go to work (40 TL-100 TL).
- “Assistance for Start Working”. A lump sum payment for social assistance benefit recipients who take up employment (981 TL in 2020).
- People with a regular job are assigned primarily heating, education and food assistance.
- If a CCT recipient takes up employment through the İŞKUR within the employment incentive programme, CCT is not terminated and continues for 12

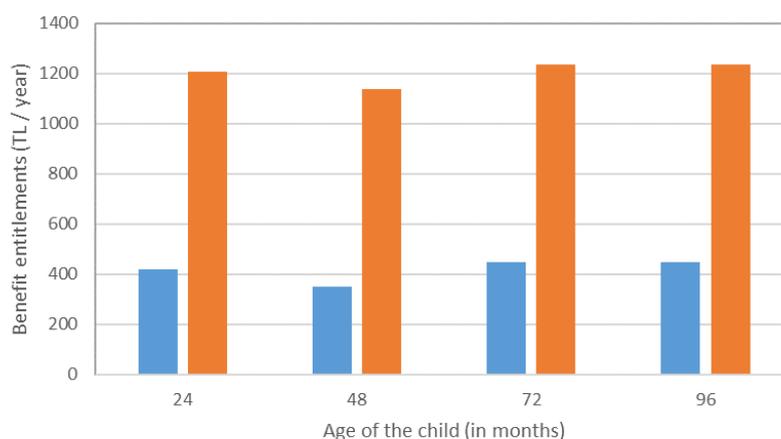
⁹ The transfer is not terminated in case of employment within the scope of short-term insurance branches, e.g. apprentices, internships and İŞKUR trainees.

months, even if the per capita household income during these months is above one third of the net minimum wage (see Section 3.1.3).

TaxBEN note: the OECD calculations assume that *new* employment activities of CCT recipients are made within the programme ‘Activating the Relation between Social Assurances and Employment’. Consequently, the person who takes up employment receives CCT payments for the subsequent 12 months and the lump sum ‘Assistance for Start Working’ of 981 TL.

Figure 3. Conditional cash transfers for education and health, by age of the child

Basic amounts (blue bars) and ‘into-work’ supplements related to the programme “Assistance for Start Working” (orange bars)



Notes: calculations for a two-parent family with one child and by age of this child (in months). The amounts of the CCT for Health are calculated assuming that the family made 12 annual visits to the doctor between the first 12 and 24 months of the child, 10 annual visits between 36 and 48 months of the child, and 8 annual visits between the 60 and 72 months. Regarding the CCT for Education, children are assumed to not attend pre-primary schools and to start the primary school when they turn six. As a result, a family with a child of 48 months (second bar in Figure 3) can receive only the CCT for Health if the child is not attending the kindergarten. Also, a family with a child of 72 months (third bar in Figure 3) receives the CCT for Education but not for Health (the same child cannot receive simultaneously both transfers but the family can choose the most generous benefit).

The orange bars show the amounts that a family would receive if one of the parents took employment within the programme ‘Activating the Relation between Social Assurances and Employment’. The amounts are calculated during the second month in the new employment and include the lump-sum payment ‘Assistance for Start Working’.

Source: [OECD Tax-benefit model](#), 2020.

3.2. Housing benefit

The goal of the housing benefits that are within the scope of the OECD TaxBEN model is to reduce the rental costs for families who live in privately rented accommodations. Cash support for housing costs other than rent, e.g. heating and water bills, is outside the scope of the TaxBEN model. Similarly, TaxBEN does not include other housing benefits such as those for the construction of housing, the purchases of owner-occupied housing, or the repayment of interests on owner-occupied housing. In-kind support for families in social housing through below-market rents is also excluded.

Following the definition above, Turkey does not currently have a cash housing benefit programme that aims at reducing the rental costs for families who live in privately rented accommodations.

4. Family benefits

Variable name: **[FB]**

There were no national family benefit programmes in Turkey in 2020. Instead, categorical programmes provide cash support to specific families with children. For instance, according to the Civil Service Act No. 657, married civil servants and widowed mothers may receive family benefits if they meet relevant eligibility requirements. Given the specific population groups targeted by these programmes, they are not included in TaxBEN.

According to the law no. 6637 dated 27/03/2015, Turkish citizens and blue card owners receive a birth grant of 300 TL for the first baby born alive, 400 TL for the second baby and 600 TL for the third and the following babies. This benefit is not included in TaxBEN as birth grants are outside the scope of the model.

Finally, children in material need can receive Conditional Cash Transfer (CCT) for Health (*Şartlı Sağlık Yardımı*) and Education (*Şartlı Eğitim Desteği*). As CCT is a social assistance programme, it is described in Section 3.

5. Net costs of Early Childhood Education and Care

Both public and private institutions provide childcare and preschool education services in Turkey. These services are provided with the approval of the Ministry of National Education (MoNE) or the Ministry of Family, Labor and Social Services (MFLSS).

According to the Regulation “Establishment and Operation Principles of Private Creche and Day Care Centers”, the MFLSS gives the opening permission for public crèche and day care centres for children between 0-68 months. MoNE gives the opening permission for both public and private kindergartens and provides direct services with its own nursery class, practice classrooms and independent kindergartens.

According to the Regulation on Pre-School and Primary Education Institutions, children who are 57-68 months old by September are enrolled in preschools, nursery classes and practice classrooms. Children who are expected to start primary school in the following year are enrolled in a preschool institution, if the capacity of the institution is enough, children who are 35-56 year old can be enrolled in a preschool or a practice classroom while children who are 45-56 months old can be enrolled in a nursery classroom.

Childcare providers approved by the MoNE do not provide services for children between 0-35 months.

5.1. Gross childcare fees

Variable names: **[TRcc_cost]**

According to the Regulation on Pre-School and Primary Education Institutions, preschool education is free of charge in public preschool education institutions. However, fees can be charged for the educational materials, food and cleaning services. This fee is determined at the school level by a commission in April. When deciding the monthly fee, the school commission takes into account several factors, including the services offered and the economic situation of the neighbourhood. When setting the level of childcare fees, the commission has to take into account also that the fee cannot be set to a level that will prevent the promotion and development of pre-school education and to force the economic situation of the parents the fee. More specifically, the monthly fee cannot be higher than the maximum fee determined by the provincial directorates and the school management

cannot ask for any fee for a service (food, cleaning or educational material) they do not offer.

The school management has also the possibility of not requesting any fees. According to e-School data of 2017-2018 educational year, 32% of preschool children do not pay childcare fees.

According to the administrative data acquired from local managers in 2018-2019 educational year, the monthly fee ranged between 0 TL (min.) and 200 TL (max.). When the observations with a monthly fee of 0 TL are excluded, the average amount for institutions offering nutrition services was 146 TL for independent preschools and 125 TL for nursery classrooms under primary schools. The average amount for institutions that do not offer nutrition services was 57 TL.

TaxBEN note: the OECD tax-benefit model assumes that parents pay a fee for nursery classrooms that offer nutrition services. This corresponds to an average fee of 125 TL per month (1500 TL per year, assuming 12 months of usage).

5.1.1. Discounts for part-time usage

There are no discounts in the fees paid for the educational materials, food and cleaning services for part-time usage.

5.2. Childcare benefits

Variable name: `[cc_benefit]`

The OCED TaxBEN methodology defines as ‘childcare benefits’ any income support measures for parents of pre-school children that depend *explicitly* on the use of centre-based childcare services. In other words, a family that does not use centre-based childcare services is NOT eligible for this type of income support. In general, childcare benefits take any of the following forms:

- Reductions of childcare fees, including free provision, applied *directly* by the childcare centre to reduce childcare costs for parents. Typically, these reductions are not applied to everybody, but only to those parents who are in difficult economic circumstances (e.g. low-income families, large families, lone parents, families with disable members, etc.).
- Childcare allowances paid by local / national authorities to parents who use centre-based childcare services. This support can take the form of conditional / unconditional cash transfers as well as vouchers to purchase childcare services, or supplements to other benefits (e.g. social assistance, disability and family benefits).
- Tax concessions for family’s expenses related to the use of centre-based childcare.

5.2.1. Reductions of childcare fees and free provision

Children of martyr, war cripple, veteran and deprived parents as 10% of their capacity can benefit from public childcare centres free of charge provided that they certify their status (see Art 68(4) of the Regulation on Preschool Education Institutions of the MoNE). Families in these difficult situations can benefit from this provision, although there is a quota of 10% of the school capacity. Disabled children are given priority for the exemption.

In addition, according to Art. 50 of the “Regulation on the Establishment and Functioning Principles for Private Crèches, Day Care Centres and Private Children’s Clubs”, 3% of the capacity of the childcare centre must be allocated for free use of children who are in one of the following circumstances:

- a) Children under protection in institutions affiliated to the Ministry (MoFLSS); children staying with their mothers convicted and in prison;
- b) Children of families with insufficient economic power and children whose parents or parents in economic difficulties have passed away, children living with one parent, children with a disabled parent, children of women living in women's guesthouse or divorced.

The competent provincial directorate evaluates the free 3% quotas according to the social examination report issued by the social worker.

TaxBEN note: the OECD calculations assume that children living with a single parent are included in that free 3% quota and therefore do not pay childcare fees.

5.2.2. *Childcare allowances for formal centre-based care*

- Within the scope of the “Supporting Registered Employment of Women through Institutional Childcare Services Project” project, 10.250 mothers who meet the requirements and send their children to pre-school education or nursing institution (crèche, kindergarten or day care centre) will benefit from EUR 100 monthly for the specified periods.
- Within the scope of the project “Direct Grant Operation for the Promotion of Registered Women's Employment through the Support of Trained Caregivers (EDU-CARE)”, 3700 working mothers who meet the necessary conditions and employ certified caregivers receive a monthly grant of EUR 200.
- Allowance for Preschool Stationery: Stationery expenses of the preschools in the neighbourhood having densely economically disadvantaged people are reimbursed from this allowance. An allowance of 10 million TL was used for this purpose in 2018-2019 educational year.

TaxBEN note: these measures are outside the scope of the TaxBEN model and are not included in the OECD calculations.

- Conditional Cash Transfer for Education (Section 3): The families receive cash support on the condition that the child has attended school regularly. This benefit is classified as Social Assistance in the OECD calculations. Approximately 44.000 preschool children benefited from this support in the school year 2018-2019. All Syrian children, regardless of their families' economic situation, benefit from this support.

5.2.3. *Childcare allowance for children NOT using childcare centres*

Turkey does not provide income support measures whose eligibility depends *explicitly* on NOT using formal centre-based childcare. Examples of these type of programmes are “home-care” and “child-rising” allowances, whose eligibility often requires one of the parent to stay at home looking after the child.

5.2.4. *Tax concessions for childcare expenditures*

In Turkey, childcare costs cannot be used to reduce the tax liabilities of parents who purchase childcare services.

6. Employment-conditional benefits

Employment-conditional (“in-work”) benefits are programmes whose primary goal is to boost employment by increasing the financial rewards for remaining in, or taking up, regular work. This type of benefits are conditional on the following requirements:

1. Being regularly employed. Note that this requirement excludes benefits received as part of workfare or ‘work-first’ programmes, i.e. policies that require participation in work activities in exchange of social transfer payments. Note also that benefits that are available *regardless* of the person’s work status cannot be defined as ‘employment-conditional’ benefits;
2. Working a certain number of hours and/or earning more than a certain earnings threshold.

In-work benefits may be received via either the tax administration (e.g. through tax credits) or the benefit administration (e.g. through standalone benefit programmes and/or top ups to other cash benefits).

In-work benefits in some countries are only available following a recent transition into work and for a predefined period after taking up employment. These type of benefits are referred to as transitional ‘into work’ benefits, according to the OECD TaxBEN methodology. They can take the form of lump-sum payments at the beginning of the new job, or regular payments for a predefined period.

According to the definitions above, there are currently no ‘in-work’ benefits in Turkey. However, the programme ‘Activating the Relation between Social Assistances and Employment’ provides an ‘into-work’ benefit for recipients of social assistance benefits. See Section 3.1.5 for details.

7. Social security contributions and payroll taxes

Insurance benefits in Social Insurance and Universal Health Insurance Law No. 5510 are financed with premiums collected from employees and employers. The following rules apply to the case of employees who are employed through a service contract according to Article 4/a of Law No. 5510 (as opposed to independent insurance holders (4/b) and public servants (4/c)).

According to the Law, the lower limit of the daily earnings considered for the calculation of premiums to be collected and benefits to be granted is equal to one thirtieth of the monthly minimum wage (Section 1). The upper limit is 7.5 times the lower limit (Table 7.1). The reference minimum wage used for calculating upper and lower limits is determined once a year in January. There is no difference in terms of marital status or sex and the premiums are calculated according to the gross income.

Table 7.1. Lower and upper income limits used for the calculation of maximum and minimum social security contributions in 2020:

| Lower Limit for the monthly Income (TL) | Upper Limit for the monthly Income (TL) |
|---|---|
| 98.10x30= 2943.0 | 98.10x30x7.5= 22072.5 |

For employees whose gross earnings are above the limit outlined in Table 7.1, the social security contribution rates described in Section 7.1 and 7.2 are applied to the upper limit listed in Table 7.1.

For individuals whose gross monthly earnings are below the limit shown in Table 7.1, e.g. for individuals working less than full time at the minimum wage, the lower limit shown in Table 7.1 is adjusted according to the number of full-time-equivalent working days. For instance, if a person works 4 hours per day throughout the month, the total number of monthly working hours would be: 4 hours*30 days=120 hours, and the related full-time-equivalent working days to be notified to the insurance company would be $120/7.5=16$, where 7.5 represent the reference hours of full-time work per day. Thus, the lower limit for the monthly income for this taxpayer would be $98.10*16 = 1569.6$ TL, which is the value used for the calculation of the premium paid to the insurance company (sections 7.1 and 7.2).

7.1. Employee social security contributions

Monthly premium amounts in 2020, paid according to the premium rates valid for ‘long term’ insurance branches:

| ‘Long term’ insurance Branches | Premium Rate % |
|---|---------------------------|
| Invalidity, Old-age and Survivors Insurance | 9 |
| Universal Health Insurance | 5 |
| Unemployment Insurance | 1 |
| Total | 15 |

7.2. Employer contributions

Monthly premium amounts in 2020, paid according to the premium rates valid for insurance branches:

| Insurance Branches | Premium Rate % |
|---|---------------------------|
| Short-term Insurance Branches | 2 |
| Invalidity, Old-age and Survivors Insurance | 11 |
| Universal Health Insurance | 7,5 |
| Unemployment Insurance | 2 |
| Total | 22.5 |

According to Council of Ministers Decree 2017/9865 (dated 06.02.2017) 100 TL per month (3.33 TL per day, 1200 TL per year) of the employers social security contributions are covered by the Government for employees whose daily gross earnings are below 110 TL (39600 per year). This rule was in force until January 2018 (included).

In 2020, there were 15 incentives for employer shares of insurance premiums.

1. General five-point reduction for disability, old age and death insurance premiums paid regularly by employers,
2. Five-point premium reduction in universal health contributions for insured taken to abroad,
3. Additional six points reduction, from 2013, for the workforce located in 51 selected provinces determined by taking into account the social- development index,
4. Incentive for regional investments,
5. Incentive for disabled,
6. Cultural investment incentive,

7. Incentive for research and development investment,
8. Incentive for hiring employees who deserved unemployment revenue,
9. Incentive for women and youth employment,
10. Incentive in case of employment of workers who have on-the-job training,
11. Incentive for additional employment,
12. Incentive for unemployment insurance,
13. Incentive in case of employment of workers who benefit from social benefits
14. Incentive in case of employment of workers who benefit from social services
15. Minimum wage support for employers

TaxBEN note: the OECD calculations consider only the general five-point premium reduction. As a result, the overall employer social security premium rate used in the OECD calculations is 17.5%.

Employers who employ a social assistance recipient (Section 3) or an unemployment insurance recipient (Section 2) receive the following reduction of the employer social security contribution premium:

- For unemployment insurance recipients: 985,905 TL = 33,5% * 2943, where 33,5% is the rate applied by the unemployment insurance fund (20% of long term insurance + 12.5% of universal health insurance + 1% short term insurance).
- For social assistance recipients: 603,315 TL = 147,15 TL (5% * 2943 paid by the Ministry of Treasury and Finance) + 456,165 TL (15,5% * 2943 – paid by the Ministry of Family, Labour and Social Services).

As of 28/07/2020, for private-sector employees who were on short-time work before 1/7/2020, if the short-time work ended after this date, the full amount of employee's and employer's premium shares calculated for a full-time minimum wage earner is covered by the Fund for three months, starting from the month after the end of the short-time work compensation, and under the on condition that the 3-month period does not exceed 31/12/2020.

7.3. Payroll taxes

None.

8. Taxes

Variable name: **[IT]**

The income tax system in Turkey is individual. Income taxes are levied by the central government only.

8.1. Personal income tax

8.1.1. Tax allowances

Variable name: **[ALLOW_p; ALLOW_s]**

Standard tax allowances:

Employee social security contributions are deductible from gross earnings. Contributions to public pension funds established by law are deductible.

Non-standard tax allowances:

- Reliefs for disabled people according to Law 4842;
- Legal deductions for public institutions;
- Reliefs for personal life insurance premiums;
- Membership payments made to labour unions.

None of these non-standard reliefs are modelled in TaxBEN.

8.1.2. Tax base

Variable name: `[TAX_INC_p; TAX_INC_s]`

The personal income tax base is gross employment income minus the tax allowance for employee social security contributions.

Unemployment benefit as well as social assistance benefits are not part of the personal income tax base.

8.1.3. Income tax schedule

Variable name: `[IT_I_p; IT_I_s]`

The personal income tax schedule in 2020 is as follows:

| Taxable income (TL) | Tax on lower threshold (TL) | Tax on excess amount above lower threshold (%) |
|----------------------------|------------------------------------|---|
| Up to 18 000 | | 15 |
| 18 000 up to 40 000 | 2 700 | 20 |
| 40 000 up to 148 000 | 7 1000 | 27 |
| 148 000 and over | 36 260 | 35 |

8.1.4. Tax credits

Variable name: `[ml_allow_p; ml_allow_s]`

Tax credits are subtracted from the income tax liability that results after the application of the income tax schedule (Section 8.1.3). In Turkey tax credits are non-refundable.

Standard tax credits:

Minimum Living Relief: The calculation of the minimum living relief is based on the annual gross amount of the minimum wage for employees older than 16 at the beginning of the calendar year in which the income is obtained, multiplied by the following rates:

- 50% for the taxpayer him or herself;
- 10% for the spouse who neither works nor has an income;
- 7.5% for each of the first two children;
- 10% for the third child;
- 5% for each additional child.

This total amount is then multiplied by the rate (15%) which is applied to the first income bracket of personal income tax (PIT) schedule stated in Article 103 of PIT Law, and then minimum living relief is calculated by offsetting 1/12 of the allowance amount against monthly calculated tax due on employment income. Any excess is non-refundable.

Non-standard tax credits (not included in TaxBEN). The tax system in Turkey includes tax credits for individuals with disabilities, for public institutions such as OYAK (Social Aid Institution for Military Officers), for premiums paid by the wage-earner for life and personal insurance policies, and for membership payments made to labour unions.

8.2. Stamp tax

Variable names: [[Stamp_p](#); [Stamp_s](#)]

The stamp tax base is gross earnings plus unemployment benefits. The Minimum Living Relief from Section 8.1.4 does not apply. The tax rate was 0.759 % in 2020.

9. Selected output from the OECD tax-benefit model (TaxBEN)

This section shows selected output of the TaxBEN model for Turkey 2020 (Figure 4). TaxBEN by default produces the following outputs for a range of family types and individual characteristics:

- Net household income (the **black line** in Figure 1) and
- Net household income components (**coloured stacked areas** in Figure 1)

The [project website](#) provides direct access to the TaxBEN web calculator, which allows users to customize outputs by choosing from a wide range of family types, individual and labour market characteristics.

Figure 1 shows outputs for the following four scenarios:

- Household income by percentage of the 2020 Average Wage (**Panel A**);
- Household income by unemployment duration (in months) for a jobseeker claiming unemployment benefits (**Panel B**);
- Household income by previous gross earnings levels for a jobseeker claiming unemployment benefits (**Panel C**);
- Household income by previous employment record, for a jobseeker claiming unemployment benefits (**Panel D**).

The stacked areas in Figure 1 shows the household income components. Note that each component can contain more than one benefit programme. The table of content of this report describes which benefit is included in each category.

Results in Figure 1 refer to a couple with two children. Adults are both 40 years old whereas children are 4 and 6 years old respectively. Social assistance and housing benefit supplements are assumed to be available in all the four scenarios provided that the necessary income and eligibility requirements are met. Where receipt of social assistance or other benefits is subject to activity tests (such as active job-search or being available for work), these requirements are assumed to be met.

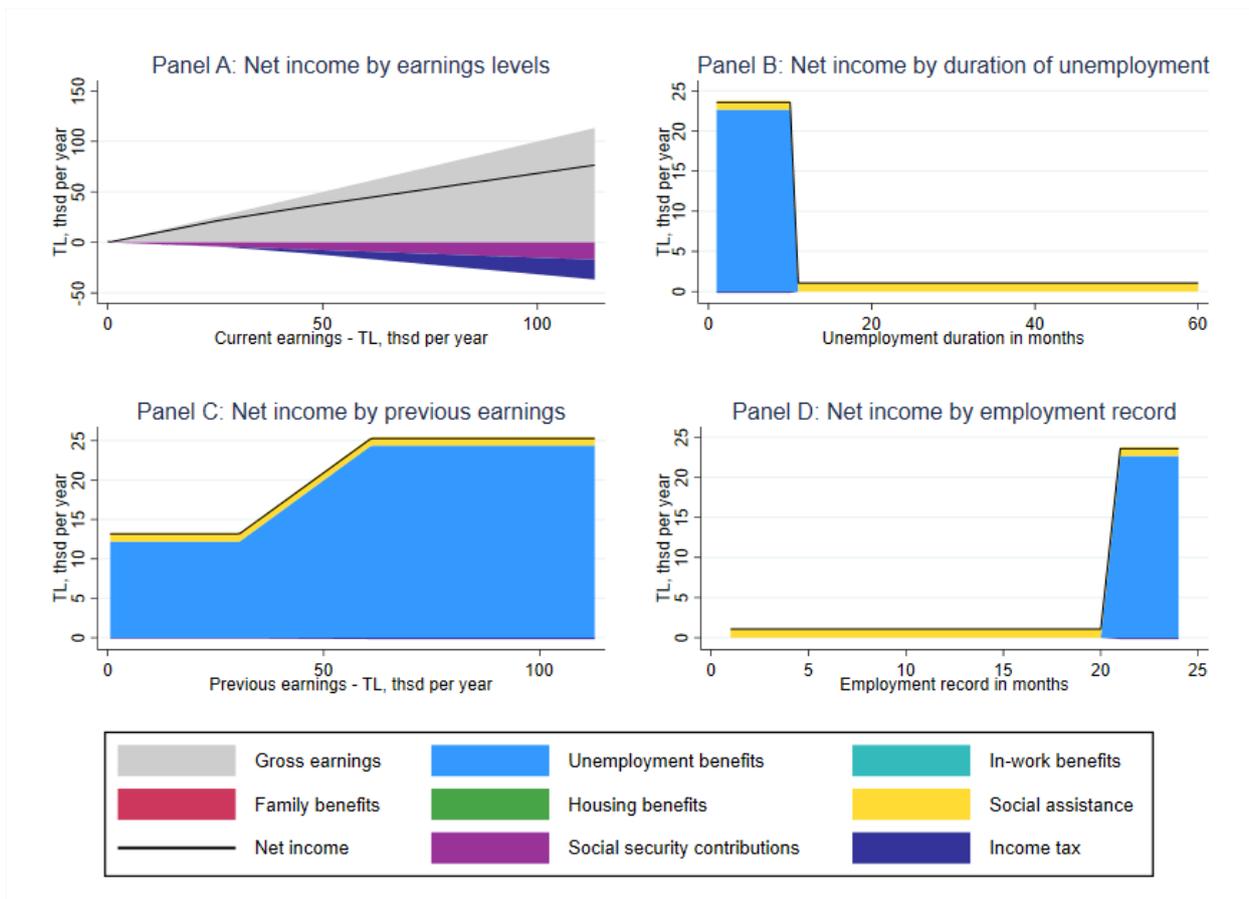
Panel A assumes that one of the two adult members (the ‘second adult’, using the TaxBEN terminology) is out of work and not eligible for unemployment benefits (e.g. because they have expired) whereas the other adult member (so-called ‘first adult’) is employed full-time and full-year at different earnings levels ranging between 0 and 200% of the Average

Wage (AW). When earnings of the first adult are precisely 0% of the AW this person is assumed to be out of work without receiving unemployment benefits but claiming social assistance, as applicable.

Panels B to D assume that the second adult is out of work and not eligible to unemployment benefits whereas the first adult is also out of work and claiming unemployment benefits. In Panel B and C the first adult is assumed to have a ‘long’ employment record of 264 consecutive months before the job loss. The x axis in Panel B measures the time of benefit receipt, starting from the first month. The x axis in Panel C shows the amount of previous gross earnings (before any social contribution payments). Results in Panels C and D refer to the 2nd month of unemployment benefit receipt whereas Panel D consider the case of previous earnings equal to the average Wage. Previous earnings in Panel B are also equal to the average wage.

Figure 4. Selected output from the OECD tax-benefit model, 2020

Couple with two children.



Source: Calculations based on the [OECD tax-benefit model](#). 2020 policies

Annex: Other benefits and direct taxes

This section provides a brief description of other cash benefits and taxes on employment incomes in Turkey that are relevant for some members of the population below the statutory retirement age, but which are not included in the OECD tax-benefit model.

Job Loss Compensation (iş kaybı tazminatı)

In the scope of the Law No. 4046 on Privatization Exercises, the employees whose employment contracts are terminated due to privatization or preparation of their organization for privatization, downsizing or suspension of the operations of their organization partially or completely, their organization being closed down or liquidated temporarily or permanently are entitled to receive job loss compensation as required by the labour laws or collective labour agreements to which they are subject to.

Persons, who are entitled to receive both job loss compensation and unemployment benefits at the same time, are paid the job loss compensation primarily. Job loss compensation applications are regarded as unemployment benefit applications as well.

Eligibility Conditions

Eligibility conditions for receiving job loss compensation are as below;

- Having worked for at least 550 days in the privatized workplace,
- Termination of labour contract in a way to be entitled to receive severance pay,
- Not receiving old age pension.

Benefit Duration

According to the Law No. 4046, a job loss compensation of;

- 90 days for at least 500 days uninterrupted employment contract,
- 120 days for 1100 days of uninterrupted employment contract,
- 180 days for 1650 days of uninterrupted employment contract,
- 240 days for 2200 days of uninterrupted employment contract,

is granted to those in privatized organizations,

Amount of Payment

The amount of job loss compensation is two times of the net daily minimum wage. The disabled are paid four times of the net daily minimum wage as job loss compensation. The amount of job loss compensation in 2020 is 6584.207,94 TL. This amount is applied as 8.415,88 TL for the disabled. Unemployment insurance payment is not subject to a tax cut.

Short-Time Working Benefit (kisa çalışma ödeneği)

Eligibility and entitlement conditions

In the event that weekly working time is temporarily significantly shortened or operations in work place is completely or partially suspended due to general economic, sectorial or regional crises and forces majeure, short term working can be done in work place for a period not longer than three months. During this period when short time working is applied, short time working benefit for days off is paid to employees.

In order to deserve the right for short time working benefit, the employee should meet the conditions to have the right for unemployment insurance except for the termination of labour contract. Payments made as short time working benefit are deducted from unemployment benefit duration determined in the beginning.

Workers who are subjected to short-time work compensations must meet the terms of working time and premium payment on the date when short-time working starts. In this context, for the applications made due to coronavirus, it is required to have paid 450 days of premium in the last 3 years provided being subject to labour contract for the last 60 days. For the applications other than the applications made due to coronavirus, the conditions of being subject to labour contract for the last 120 days and 600 days of premium payment in the last 3 years maintains.

Benefit amount(s)

Amount of daily short time working benefit is 60% of daily gross average earning calculated by taking into consideration the earnings of the insured for the last 12 months subject to premium. This allowance cannot exceed 150% of the gross amount of monthly minimum wage. The calculated short time working benefit is exempt from any tax payment, including social security contributions, except the Stamp tax.

Duration

The duration of short time working benefit cannot be longer than 3 months. The law can extend the duration of short time working benefit up to six months and determine whether it is deducted from unemployment benefit.

The President is authorised to extend the duration of short-time working benefit up to six months and to determine whether it will be set off from unemployment benefit.

Interactions with other components of the tax-benefit system

The short-time working benefit is exempt from any tax payment, including social security contributions, except for the Stamp tax.

Receiving the short-time work benefit does not prevent receipt of regular social assistance benefits as long as the family meets the relevant eligibility criteria and the Board of Trustees of the competent SASF approves.

Combining benefit receipt and employment/starting a new job

If the worker receiving the short-time working benefit start a new job, the short-time working benefit is terminated.

Short-time working benefit will be suspended if those receiving short-time working benefit start a job, start to receive old-age pension, are recruited for any reason, leave their job due

to a work duty arising from any law, or in the event that temporary incapacity benefit begins, it will be cut as of the date of health report which is the subject of the temporary incapacity benefit.

Half-Time Working Benefit

This is a benefit provided to those who are on unpaid leave under the ‘Half-Time Working programme, and if they meet the relevant requirements. Under the “half time working” programme, female or male employees adopting children under the age of three as well as women after the end of the maternity leave who are rising the child at home and have childcare responsibilities, can work, under specific requirements, half of the weekly working time for a period that ranges between 60 and 360 days.

Eligibility Conditions for Half-Time Working Benefit

- Having declared unemployment insurance premiums for minimum 600 days in the last three years before the date of giving birth or adopting children on behalf of the employee.
- Having worked actually up to half of weekly working time,
- The child who is entitled must be alive,
- Applying to the nearest İŞKUR unit, along with the document of half-time working after birth and adoption, within 30 days (except for the force majeure) as of the expiry date of maternity leave,

Those who are entitled to receive half-time working benefit:

- Receives regular payments
- Their invalidity, old age and survivor’s insurance premiums as well as employee and employer’s shares of general health insurance premiums are covered until the benefit is paid.

Duration

Half-time working benefit is paid for;

- maximum 30 days for the first birth,
- maximum 60 days for the second birth,
- maximum 90 days for more births,
- maximum 180 days if the child is disabled.

For 30 days added in case of multiple births, half-time working benefit is paid for 15 days.

Benefit amount

Daily amount of half-time working benefit after birth or adoption is the daily gross minimum wage regardless of the wage the person receives for the job.

In 2020, the highest amount that can be paid as half time working benefit is 1460.33 TL.

Tax treatment

Half-time working benefit is not subject to any tax or deduction, except for stamp tax duty.

Interactions with other components of the tax-benefit system

Those who receive half time working benefit are covered by the general health insurance, and for the days on which half time working benefit is paid after birth and adoption, general health insurance premiums are paid from the Unemployment Insurance Fund on behalf of the relevant people. Dependents of those receiving benefit can also benefit from health services within the scope of general health insurance holders.

The benefit is suspended for those who are entitled to receive temporary incapacity allowance during the continuation of this situation.

Since invalidity, old-age and survivor' s insurances premiums are also paid on behalf of the relevant persons, the period of payment is taken into consideration in terms of retirement.

Combining benefit receipt and employment/starting a new job

The Half Time Working Benefit is terminated if the recipient works in another job during this period. The benefit is terminated also if the concerned person leaves the workplace. Finally, the benefit is terminated also if the child dies and / or the adoption status disappears.

Regular Cash Aid Program for Women Whose Spouse Died

Regular Cash Assistance Program for Women Whose Husbands are dead became effective in April 1, 2012.

Women whose husband (in civil marriage) are dead, who are currently not married, not covered by any social security system and whose needy and vulnerable situation is determined by the decision of the Board of Trustees of SASF, could benefit from this assistance.

There is not any age requirement for the women who wants to benefit from this assistance. Also, there are no statutory duties to furnish maintenance as stated in the related provisions of the Turkish Civil Code. Women being divorced from their husband before he dies cannot benefit from the program. If the husband is dead while the divorce suit still continues, woman could benefit from the assistance.

If the woman, who applies to the assistance, lives in separate houses from her children and only benefit from their health insurance, could benefit from the assistance on condition that she is determined as needy and vulnerable by the Board of Trustees of SASF.

Due to the fact that food and accommodation expenses of the detainees and the convicted are covered by the Law no.1721, women in such situations could not benefit from the assistance. Moreover, women who stay in residential home could not benefit from the assistance because their basic needs are met by this home.

In general, every two months 550 TL (650 TL as of 1 March 2020) regular cash payment is made to the beneficiaries within the scope of the assistance. Precise periods of payments and the rate of increase are specified by the Fund Board.

Public Workfare Program (PWP) (Toplum Yararına Programlar)

PWP are the programs aiming at short-term employment and training of the unemployed in the times of high unemployment, by realization of a work or a service for public good, directly or with a contractor. These activities are usually carried out to prevent the unemployed recorded in the Institution from losing their working routine and discipline, and experiencing financial difficulties due to long-term unemployment.

Eligibility

1. To participate in PWP, the applicant must meet the following conditions:
 - Being unemployed and registered in Turkish Employment Agency
 - At the age of 18 or older
 - Not receiving retirement, or invalidity pension
 - Not being student (except for open education high schools and faculties).
2. In case of high demand for PWP, participants are determined by drawing before a notary public. Provincial Directorate shall specify in the notice which methods indicated below would be used for the selection of participants. The selected method will be used to identify both the main participants and substitute participants, which at least half of the main participants.
 - Notary draw method
 - List method (determination of applicants deemed appropriate as a result of interview or job and career counselling)
 - Eighty percent by the notary draw, twenty percent by the list method.

It is essential that Participants are selected from the region closest to the place where Public Workfare Programs are implemented. In the process of determining the participants within the applicants, two lists are being prepared based on the status of the applicants. The disadvantaged groups in employment, mentioned below, placed in the first list and the remaining applicants are placed in the second list. The applicants in the second list will not be assessed before the assessment of all the applicants are completed in the first list. All the groups below belong to the first list and there is no order of priority among these groups.

- Women
- Individuals 35 Years and Over
- People with disabilities
- Ex-convicts
- Wounded in a way to not getting disability in the fight against terrorism

Benefit amount

Worker's wage expense is calculated according to the current gross minimum wage of a worker who is over 18 years old and working in the industry sector, and which is composed of wage, tax and social security payments. (Participants will receive a wage during PWP, which will be calculated over the current minimum wage, according to their duration of work.)

Gross Minimum Wage paid to workers over the age of 16 for the period of January 1st – December 31st 2020 is 2,943.00 TL

Tax treatment

Public Workfare Programs are taxed over gross wage.

Benefit duration

1. Maximum duration of the programs is 9 months.
2. Programs can be arranged as full-time (45 hours per week).

Social and Economic Support (SED)

SED Service is carried out within the scope of support alongside the family of children without institutional care. Children are supported within their own family or relatives through SED which is provided to families for children who are at risk of being taken into institutional care due to the economic deprivation of families, and family unity and integrity is ensured. In addition, families who benefit from the service are directed to İŞKUR vocational training courses and activities are carried out to provide them with a job and profession where they can continue their lives.

SED service includes periodical and temporary economic support services according to the needs of the family.

- **Periodical Economic Support:** It is the economic support service that is provided as monthly payments for 1 and 2 years within the budget opportunities of the Institution, in order for persons who cannot meet the basic needs of their children due to social and economic poverty to provide care within the family and to meet basic care needs of their children and for young people who leave the institutional care to eliminate the economic difficulties they face. Families are monitored periodically for a minimum of 3 months and this support continues for 2-year periods as long as their support status is not removed.
- **Temporary Economic Support:** It refers to the economic support provided once or at most twice a year, in order to help solve a social and economic problem.

The economic support paid for children varies according to the educational background of the children. The monthly support amount paid within the scope of the SED Service in 2019 is an average of 970 Turkish liras (TL). As of the end of 2019, 128.047 children and young people benefit from periodical and temporary economic support services. The overall spending for this programme in 2019 was 1.389.135.169 TL.

Sickness Benefit (Hastalık geçici iş göremezlik ödeneği)

Entitlement and eligibility conditions

The benefit is paid to the individuals who are subject to sickness insurance, suffer from a temporary work incapacity due to sickness, provided that minimum ninety short-term insurance premiums are notified within one year before the starting date of the temporary incapacity.

Provided the rest report granted by the medical doctor or the health committees authorized by the Institution, the benefit is payable each day starting from the third day of the temporary incapacity.

Benefit amounts

Insured workers receive 66.7% of their average daily earnings in the last three months (50% if hospitalized). Benefits are paid after a two-day waiting period.

The minimum wage is used as the minimum earnings level when calculating benefit entitlements. The maximum wage is 7.5 times the minimum wage.

Benefit duration

Benefits are paid for each day of the 'rest report', starting from the third day of the temporary incapacity. There is no pre-defined maximum duration for the sickness benefit.

Means test

No means test are required for this benefit

Tax treatment

Benefit amounts are excluded from the tax base of the income tax. Recipients do not pay social security contributions on the benefit amounts.

Employer pays 2% of workers' insurable earnings for the total short term insurance premium rate (Sickness, maternity, work accident and occupational disease). This ratio is not divisible.

Interactions with other components of the tax-benefit system

There are no interactions with other benefits. Sickness benefit amounts do not enter the income / means tests of other means tested benefits.

Combining benefit receipt and employment/starting a new job

The benefit is not compatible with work activities. The benefit is paid referring to the employers' notification on the rest (i.e. that the insured person did not work during the period of the health report). The benefit remains available in case of reduced working time/short-time work schemes.