



LAW ON REDUCING THE EFFECTS OF THE NOVEL CORONAVIRUS (COVID-19) PANDEMIC ON ECONOMIC AND SOCIAL LIFE AND AMENDMENTS TO CERTAIN

I. INTRODUCTION

In order to prevent the Covid-19 pandemic and to mitigate its effects, local and global measures regarding socio-economic life are still being taken. With the previously prepared **Draft Law on Amendments to Certain Laws (“Draft Law”)** additional measures including many sectors and issues are proposed to be introduced.

With the **Law on Reducing the Effects of the Novel Coronavirus (Covid-19) Pandemic on Economic and Social Life and Amendments to Certain Laws (“Omnibus Law”)** dated 17.04.2020 and published in the Official Gazette No.31102, it is seen that some amendments and additions have been made to the published Draft Law, and not all of the articles specified in the Draft Law are included in the Omnibus Law.

II. ANALYSIS OF THE ARTICLES IN THE OMNIBUS LAW

1. Amendments to Laws on Certain Laws Regarding the Postponement, Not Receiving or Restructuring Various Receivables Due to Compelling Reasons as a Result of Covid-19 Pandemic

According to article 1 of the Omnibus Law; due to Compelling Reasons as a Result of Covid-19 Pandemic;

- a. The Ministry of Environment and Urbanization has been authorized to postpone the collection of the amounts to be paid regarding the agreement on the Treasury immovable and adequate pay for three months (if necessary to postpone for another three (3) months) regarding the 3 month period starting from 01.04.2020 regardless of the application requirement. Deferred receivables are to be collected at the end of the postponement period, as monthly equal installments for the period of postponement, without any default interest.
- b. Subject to the Forestry Law; The Ministry of Agriculture and Forestry is authorized to postpone the collection of costs (if needed to postpone for another three (3) months), regarding the three month period as of 01.04.2020, from permits granted to natural and private legal entities at State Forestry Areas, excluding the permits granted for the purpose of tourism facility, and the recreation areas and immovable leased by the General Directorate of Forestry in accordance with the State Procurement Law. Deferred receivables are to be collected at the end of the postponement period, as monthly equal installments for the period of postponement, without any default interest.



- c. The Ministry of Agriculture and Forestry has been authorized to postpone for three months (if necessary to postpone for another three (3) months) the amounts to be collected, in the 3 month period starting from 01.04.2020 regardless of the application requirement, from the leases made in accordance with National Parks Law. Deferred receivables are to be collected at the end of the postponement period, as monthly equal installments for the period of postponement, without any default interest.
- d. The council of the relevant municipals and unions, and the authorized body and its affiliate institutions have been authorized to postpone for three months (if necessary to postpone for another three (3) months) the amounts to be collected, in the 3 month period starting from 01.04.2020 regardless of the application requirement, from sales, adequate pay and leases of immovable that are fully owned by the municipalities or its bodies and the local administrative unions that they are a member of. The Ministry of Environment and Urbanization is authorized to extend the period for another three (3) months. Deferred receivables are to be collected at the end of the postponement period, as monthly equal installments for the period of postponement, without any default interest. It has also been stated that the rents shall not be collected from enterprises for the period in which they have suspended operations or were unable to continue operations.
- e. The income tax cut statement and payment periods, social security premium payments of municipalities and its bodies, and yearly installment payments made to the Directorate General for State Hydraulic Works under article 4 of the Law Pertaining to the Supply of Drinking, Utility and Industrial Water in Settlements with Municipal Organizations have been postponed for three (3) months as of the effective date of the Omnibus Law. The President is authorized to extend this period up to three (3) months. Deferred receivables are to be collected at the end of the postponement period, as monthly equal installments for the period of postponement, without any default interest.
- f. Receivables of municipalities and affiliate bodies, regarding water consumption in housing and workplaces, that are either operating or have ceased operations, which need to be collected regarding the three (3) period months from the effective date of the Omnibus Law can be postponed for three (3) months with the decision of the city council. The relevant city councils have been authorized to extend this period up to three (3) months. Deferred receivables are to be collected at the end of the postponement period, as monthly equal installments for the period of postponement, without any default interest.



- g.** For real and legal entities working with a permit or license or that have rented route, which is limited to the operations of the public transport service, can be entitled to income support, and license, permit, route rental debts corresponding to the specified period can be postponed without interest, by a city council decision limited to three (3) months after the effective date of the Omnibus Law. The Ministry of Environment and Urbanization is authorized to extend this period up to three (3) months. Deferred receivables are to be collected at the end of the postponement period, as monthly equal installments for the period of postponement, without any default interest.
- h.** It is stated that the annual announcement and advertisement taxes and sanitation taxes of the enterprises that are closed or cannot operate, will not be charged for those periods where operations are stopped or inactive.
- i.** The installment payment of 2020 loan debts from the Support and Price Stabilization Fund (SPSF) which was restructured in accordance with the article 4 of the Law on Agricultural Cooperative Credit Associations of the Agricultural Sales Cooperatives, and is paid annually, shall be postponed until 2021 without interest and the installments to be paid in the following years including 2021 will be postponed for one year without interest.
- j.** The yearly contribution of 2020 regulated in article 35 in the Law on Travel Agencies and the Association of Travel Agencies shall not be collected.
- k.** The receivables from energy consumption (Receivables transferred to TEDAŞ during privatization transactions), shall be postponed according to the scope and periods indicated in paragraph (i) of Article 1 of the Omnibus Law.

2. Amendments to Certain Laws on Extension of Time, Postponement of Meetings, And Working from Home due to Compelling Reasons As A Result of Covid-19 Outbreak

Pursuant to article 2 of the Omnibus Law; due to Compelling Reasons as a Result of Covid-19 Pandemic;

- a.** The validity period for licenses that will expire within 2020, which were issued under Agricultural Products Licensed Warehousing Law, shall be extended by one year.
- b.** The certificates of seaworthiness, issued to commercial vessels under Law on the Protection of Life and Property at Sea, that have expired between the dates of 11.03.2020 and 31.07.2020 shall be extended until 01.08.2020. It is regulated that the audits to be carried out under the relevant Law shall be postponed until 1/8/2020. The Ministry of Transport and Infrastructure can extend this period up to three (3) months.



- c.** Submission periods for notice and statements according to Law on Associations and Turkish Civil Code and general assembly meeting of associations shall be suspended until 31.07.2020. The Ministry of Interior is authorized to extend this period up to three (3) months. It was stated that the postponed board meetings should be held within 30 days from the end of the postponement and the duties, powers and responsibilities of the existing bodies will continue until the first general meeting to be held after the postponement period.
- d.** General assembly meetings held in accordance with Law on Veterinary Services, Plant Health, Food and Feed and Law on Agricultural Producers Association shall be postponed until 31.07.2020. The ministry of Agriculture and Forestry is authorized to extend the period up to three (3) months. It was stated that the postponed board meetings should be held within 30 days from the end of the postponement and the duties, powers and responsibilities of the existing bodies will continue until the first general meeting to be held after the postponement period.
- e.** Pursuant to article 61 of the Law of Union of Chambers and Commodity Exchanges of Turkey and Union of Chambers and Commodity Exchanges, The Union General Assembly which should be held in May 2020, shall be held together with the General Assembly next year.
- f.** According to the article 33 of Law on Elections of Local Administrations and Neighborhood Mukhtars and Board of Elderman, it is regulated that the elections shall not be held in 2020.
- g.** Under Law on the Support of the Research, Development, and Design Activities, it is stipulated that the Ministry of Industry and Technology is authorized so that activities carried out in the R&D and Design Centers can be carried out outside the R&D and Design Centers, and activities carried out in accordance of Law on Technology Development Zones can be carried out from outside the Zone for four (4) months as of 11.03.2020. The Ministry of Industry and Technology is authorized to extend this period up to three (3) months. The abetment, exemption, support and incentives within the relevant Law shall continue provided that permission is given.
- h.** According to article 30/2/a of the Law on Civil Service Unions and Collective Bargaining Agreements determination for 2020 shall be based on the date of July 15, 2020 and the shall be submitted to the Ministry of Family, Labor and Social Services until July 31, 2020. It is envisaged that the determination to be made in accordance with paragraph b of the same article will be made on the basis of 15 July 2020 and that the determination will be published in the Official Gazette in the first week of September. The President has been authorized to extend these periods until May 15, 2021.

- i. Pursuant to the Law on Unions and Collective Bargaining Agreements, collective bargaining agreements, settlement of collective labor disputes, strikes and lockout processes are to be extended for three (3) months after the effective date of the Omnibus Law. The President has been authorized to extend these periods up to three (3) months.
- j. The tenders for the sale, lease, exchange, construction in return of land or flats and limited real rights of immovable belonging to the Treasury and on the lease or usage of lands fully owned by the State shall be made electronically by the technical infrastructure provided by the affiliate or relevant bodies of the Ministry of Environment and Urbanization and their affiliates in return for a services fee until 31.07.2020. The Ministry of Environment and Urbanization has been authorized to extend this period up to 3 months and the procedures and principles will be determined by the Ministry of Environment and Urbanization.

3. Amendments to Travel Agency Operation License

Amendments to article 4(3) of the Law on Travel Agents and Association of Turkish Travel Agencies were made within the scope of article 3 of the Omnibus Law. An operation license can be issued to legal entities exclusively for one business. Provided that permission is obtained from the Ministry, it is possible to transfer the operations license to another legal entity regardless of the agency title.

4. Amendments to Unemployment Insurance Law

In accordance with the Omnibus Law, workers who are put on unpaid leave by the employer and are unable to benefit from the short-time working allowance, and workers whose employment contracts have been terminated under article 51 after the date of 15.03.2020 are entitled to unemployment benefits, and are provided a daily wage support of 39,24 Turkish Lira from the fund for the duration of the prohibition to terminate.

If its determined that a worker who is on unpaid leave benefiting from wage support is still actively working for the employer, the employer shall receive an administrative fine by the Social Security Institution and the wage support paid shall be collected from the employer with legal interest starting from the first payment date.

With Article 6 of the Omnibus Law, provisional article 23(2) of the Unemployment Insurance Law stating that applications for short-time working shall be concluded within 60 days from the day of application, was amended as applications shall be concluded within 60 days “excluding the determination of compliance”.

Provisional article 25 to Unemployment Insurance Law was added pursuant to article 8 of the Omnibus Law. Regarding the applications made for short-time working due to compelling reasons by the employer as a result of compelling reasons, the short-time working allowance is provided in line with the statements by the employer before the completion of the compliance determination. This article will be in effect as of 29.02.2020 and all application thereon shall be evaluated under this scope. Extra and unreasonable payments, due to false information and documents provided by the employer, are collected from the employer with legal interest.

The regulations made to the Articles 6 and 8 of the Omnibus Law are aimed to conclude short-time working applications faster.

5. Regulation Regarding Prohibition of the Termination of Employment Contracts and Unpaid Leave for Workers

Article 10 to Labor Law was added according to Article 9 of the Omnibus Law. With this regulation, considering the possible effects of the pandemic in our country, the employment contract of all workers, regardless if they are covered or not by the Labor Law, shall not be terminated under any condition except for those indicated in the 2nd clause of paragraph (1) of Article 25 for three (3) months starting from the date that this article is put into effect for the public interest due to the Covid-19 pandemic. However, the employer has been given the right to put workers on unpaid leave in cases where the prohibition of termination is applied starting from the effective date of this article. The President is authorized to extend the specified termination prohibition period up to six months.

An administrative is imposed on the employer, who terminates the employment contract in violation of the hereby article, amounting to the monthly gross wage at the date of the act for each worker whose employment contract is terminated.

This regulation aims to prevent the rightful or without-notice termination of employment contracts by the employer, excluding behavior in violation with the code of ethics and good faith, for three (3) months after the effective date of Omnibus Law has been enacted. The regulation aims to prevent the termination of the employment contract due to compelling reasons, indicated in clause (3) in paragraph of Article 25 of the labor law, leading to the cessation of the work at the workplace of the employee for more than one week.

However, the employer has been given the right to put workers on unpaid leave in cases where the prohibition of termination is applied. Employees, whose employment contract cannot be terminated according to the Omnibus Law, can be put on unpaid leave up to three (3) months.

6. Amendments to the Turkish Commercial Code (“TCC”) on the Distribution of Dividends

Pursuant to Article 12 of the Omnibus Law; with the Provisional Article 13 to be added to the TCC, **excluding** the companies with stocks in state, provincial private administration, municipality, village and other public legal entities; **for stock corporations**; the distributable profit until 30.09.2020 cannot exceed the 25% of the 2019 net profit of the year and the authority to allocate advance dividends to the board directors by the general assembly is not granted. If the general assembly has decided to distribute dividends for the accounting period of 2019, but the shareholders have not yet been paid or partially paid, the payment exceeding 25% of the 2019 net profit of the year shall be postponed until 30.09.2020.

With the Omnibus Law, in order to mitigate the adverse effects of the pandemic on financial operations, restrictions have been imposed to the distribution of dividends for 2020 regarding the 2019 period income in stock corporations and it was aimed to lift restriction on the distribution of cash dividends from the earnings of the corporation, the protection of the equity structure of companies and mitigating the necessity of additional financing.

7. Amendments to Law on the Regulation of Retail Trade Regarding Price Gouging

According to Articles 13 and 14 of the Omnibus Law, new regulations are introduced on price gouging and stockpiling. Accordingly;

Producers, suppliers and retail companies shall not be involved in price gouging of any goods or services. Additionally, producers have been prohibited from engaging in activities that prevent the consumer from accessing goods through activities that disrupt the market balance and free competition through suppliers and retail companies engaged in stockpiling.

The Unfair Price Assessment Board shall be established to regulate, audit and to implement necessary measures on these issues. An administrative fine of 10,000 TL to 100,000 TL shall be imposed to those involved in price gouging and 50,000 TL to 500,000 TL to those involved in stockpiling in violation of the Omnibus Law.

8. Amendments to Law on the Establishment of Turkish Wealth Fund Management Company (“Turkish Wealth Fund Law”) and Amendments in Certain Laws

Pursuant to Article 15 of the Omnibus Law, the audit reports, regulated in paragraph (2) of Article 6 of the Turkish Wealth Fund Law, shall be presented to the Council of Ministers until the end of August instead of June each year.

With Article 16 of the Omnibus Law, regulations in paragraph (5) in Article 8 of the Law on Turkish Wealth Fund, of which Turkish Wealth Fund and Company with sub-funds, and other companies established by the Company are exempt, shall be expanded.



9. Effective Date

In Article 17 of the Omnibus Law, it is stated that the articles specified in the Omnibus Law shall come into force on different dates. Accordingly it was stated that;

- a. Clauses (ç), (d), (e) and (ğ) of Article 2(1) of the Omnibus Law is effective as of March 10,2020 on the date of publication in the Official Gazette,
- b. Article 8 of the Omnibus Law is effective as of February 29, 2020 on the date of publication in the Official Gazette,
- c. And other articles shall come into effective as of their publication date.

III. CONCLUSION

With the Omnibus Law including proposals for the amendment's, mentioned above, aims to take measures related to socio-economic life in order to prevent and reduce the effects of the Covid-19 pandemic that is currently affecting both our country and the world.

With the amendments including provisional articles or determined dates and periods are temporary measures due to compelling reasons as a result of the existing Covid-19 pandemic. However, there are certain laws that are permanently changed regardless of Covid-19.

It should be noted that, the stipulated periods in some of the regulation included in the Omnibus Law can be extended by the Presidency, relative Ministries and bodies.

We would like to point out once again that articles according to article 17 of the Omnibus Law shall take effect on different dates.

You can always contact us if you have any question regarding the Omnibus Law or on any other subject.

