

Impacts of new minimum wage

As of the beginning of this year, a legal regulation was made to exclude the minimum wage from the scope of income and stamp tax. Accordingly, from the monthly gross amount of the minimum wage valid in the month in which the payment is made; the wages corresponding to the remaining amount after deducting the employee's social security premium and unemployment insurance premium were exempted from income tax. Not only those who earn the minimum wage, but also those who earn more than the minimum wage can benefit from this exemption for a portion of their wages equal to the minimum wage.

In addition, the regulation stating that the papers regarding the above-mentioned fees are exempt from stamp tax has been added to the relevant law. Accordingly, stamp tax exemption is also applied for the portion corresponding to the monthly gross minimum wage. In other words, the stamp tax exemption is applied to the portion of the wage income up to the minimum wage and the stamp tax continues to be calculated at the rate of 7.59 per thousand on the exceeding portion.

Minimum wage hike in July

In order to prevent the meltdown in purchasing power due to the increase in inflation, the practice of determining the minimum wage twice a year, which was last applied in 2015, has been introduced again during this year. The minimum wage determination commission, which met several times at the end of June, increased the gross minimum wage from 5 thousand 4 liras to 6 thousand 471 liras, effective as of 1 July. This increase has affected not only the minimum wage, but also other higher wage earners.

The table showing the income and stamp tax advantages and net wages that an employee who earns a gross wage of 10 thousand TL per month will benefit from due to the minimum wage exemption is called to your attention below:

Months	Gross wage	Insurance and unemployment premium	Income tax base	Calculation income tax*	Exempted tax base	Tax amount of exempted tax base	Deducted income tax	Calculation stamp tax	Exempted stamp tax	Deducted stamp tax	Total deduction	Net wage
January-	10,000.00	1,500.00	8,500.00	1,275.00	4,253.40	638.01	636.99	75.90	37.98	37.92	2,174.91	7,825.09
February	10,000.00	1,500.00	8,500.00	1,275.00	4,253.40	638.01	636.99	75.90	37.98	37.92	2,174.91	7,825.09
March	10,000.00	1,500.00	8,500.00	1,275.00	4,253.40	638.01	636.99	75.90	37.98	37.92	2,174.91	7,825.09
April	10,000.00	1,500.00	8,500.00	1,375.00	4,253.40	638.01	736.99	75.90	37.98	37.92	2,274.91	7,725.09
May	10,000.00	1,500.00	8,500.00	1,700.00	4,253.40	638.01	1,061.99	75.90	37.98	37.92	2,599.91	7,400.09
June	10,000.00	1,500.00	8,500.00	1,700.00	4,253.40	638.01	1,061.99	75.90	37.98	37.92	2,599.91	7,400.09
July	10,000.00	1,500.00	8,500.00	1,700.00	5,500.35	825.05	874.95	75.90	49.11	26.79	2,401.73	7,598.27
August	10,000.00	1,500.00	8,500.00	1,700.00	5,500.35	1,051.11	648.89	75.90	49.11	26.79	2,175.68	7,824.32
September	10,000.00	1,500.00	8,500.00	2,155.00	5,500.35	1,100.07	1,054.93	75.90	49.11	26.79	2,581.72	7,418.28
October	10,000.00	1,500.00	8,500.00	2,295.00	5,500.35	1,100.07	1,194.93	75.90	49.11	26.79	2,721.72	7,278.28
November	10,000.00	1,500.00	8,500.00	2,295.00	5,500.35	1,100.07	1,194.93	75.90	49.11	26.79	2,721.72	7,278.28
December	10,000.00	1,500.00	8,500.00	2,295.00	5,500.35	1,100.07	1,194.93	75.90	49.11	26.79	2,721.72	7,278.28
Total	120,000.00	18,000.00	102,000.00	21,040.00	58,522.50	10,104.50	10,935.50	910.80	522.57	388.23	29,323.73	90,676.27

The table demonstrating the income and stamp tax advantages and net wages that an employee who earns a gross wage of 20 thousand liras per month is called to your attention below:

Months	Gross wage	Insurance and unemployment premium	Income tax base	Calculation income tax*	Exempted tax base	Tax amount of exempted tax base	Deducted income tax	Calculation stamp tax	Exempted stamp tax	Deducted stamp tax	Total deduction	Net wage
January-	20,000.00	3,000.00	17,000.00	2,550.00	4,253.40	638.01	1,911.99	151.80	37.98	113.82	5,025.81	14,974.19
February	20,000.00	3,000.00	17,000.00	2,650.00	4,253.40	638.01	2,011.99	151.80	37.98	113.82	5,125.81	14,874.19
March	20,000.00	3,000.00	17,000.00	3,400.00	4,253.40	638.01	2,761.99	151.80	37.98	113.82	5,875.81	14,124.19
April	20,000.00	3,000.00	17,000.00	3,400.00	4,253.40	638.01	2,761.99	151.80	37.98	113.82	5,875.81	14,124.19
May	20,000.00	3,000.00	17,000.00	4,450.00	4,253.40	638.01	3,811.99	151.80	37.98	113.82	6,925.81	13,074.19
June	20,000.00	3,000.00	17,000.00	4,590.00	4,253.40	638.01	3,951.99	151.80	37.98	113.82	7,065.81	12,934.19
July	20,000.00	3,000.00	17,000.00	4,590.00	5,500.35	825.05	3,764.95	151.80	49.11	102.69	6,867.63	13,132.37
August	20,000.00	3,000.00	17,000.00	4,590.00	5,500.35	1,051.11	3,538.89	151.80	49.11	102.69	6,641.58	13,358.42
September	20,000.00	3,000.00	17,000.00	4,590.00	5,500.35	1,100.07	3,489.93	151.80	49.11	102.69	6,592.62	13,407.38
October	20,000.00	3,000.00	17,000.00	4,590.00	5,500.35	1,100.07	3,489.93	151.80	49.11	102.69	6,592.62	13,407.38
November	20,000.00	3,000.00	17,000.00	4,590.00	5,500.35	1,100.07	3,489.93	151.80	49.11	102.69	6,592.62	13,407.38
December	20,000.00	3,000.00	17,000.00	4,590.00	5,500.35	1,100.07	3,489.93	151.80	49.11	102.69	6,592.62	13,407.38
Total	240,000.00	36,000.00	204,000.00	48,580.00	58,522.50	10,104.50	38,475.50	1,821.60	522.57	1,299.03	75,774.53	164,225.47

* The calculations are made according to income tax tariff regarding wage income obtained in 2022.

As it can be seen from both tables above, there is no change in the amount of advantage for those who earn more than the minimum wage in 2022, depending on the amount of the wage. Within the scope of the minimum wage exemption, the annual increase in the net wages of these employees in 2022 is 10,104.50 liras in income tax advantage and 522.57 liras in stamp tax advantage, in other words 10,627.07 liras. If the minimum wage was not increased in July, this amount would have been 9,063.92 TL.

In the light of above, due to the income and stamp tax difference for employees whose wages are higher than the minimum wage, it is observed that there is only a slight increase of 1,563.15 lira in the total of the last six months' net wages.

This is the summary of the article published in the Economist magazine's issue 2022/16, dated 07.08.2022.

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