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Dear Sir/Madam,

This legal memorandum has been prepared in order to provide you with a brief information about the Law dated 16.04.2020, numbered 7244 on Reducing the Impacts of New Coronavirus (Covid-19) on Economic and Social Life and Amending Certain Laws , entered into force upon its publication on the Official Gazette dated 17.04.2020 and numbered 31102 (the “**Law**”). Primary measures that have been issued with the Law are summarized below.

As per Article 1 of the Law titled “**Postponing, Waiving and Restructuring Certain Receivables**”;

- Metropolitan municipalities, municipalities, their affiliates and local administrative associations of which they are members, have been granted authorization to postpone for a period of time of 3 months, the portion of receivables to be collected between 19.03.2020-19.06.2020 arising from the sale, rent and compensation for unfair occupation regarding immovables owned by or under the discretion of the aforementioned entities. Ministry of Environment and Urban Planning has been entitled to extend the said duration for an additional 3 months. Postponed receivables shall be collected as monthly equal instalments during the postponement duration, and without any default interest, at the end of the postponement duration. Moreover, rental fees shall not be collected from enterprises whose activities have been stopped or which cannot run their activities for the period in which they are not able to operate.
- Municipalities of big cities are granted authorization to postpone for 3 months, receivables of metropolitan municipalities, municipalities and their affiliates, arising from water consumption of enterprises whose activities have been stopped or which cannot run their activities and to be collected for the period up to 3 months from the publication of the Law in the Official Gazette. Municipal councils have been entitled to extend the said duration for an additional period of 3 months. Postponed receivables shall be collected as monthly equal instalments at the end of the postponement duration, and without any default interest.
- Annual announcement and advertisement tax and annual environment tax of enterprises whose activities have been stopped or which cannot run their activities shall not be collected for the period in which their activities have been stopped or they were unable to operate.



- Receivables of Türkiye Elektrik Dağıtım Anonim Şirketi (“**TEDAŞ**”) arising from electricity consumption (receivables transferred to TEDAŞ during privatization) will be restructured in such a way that the said receivables shall be collected until the end of October 2021 and accessory debts relating to the principal debts shall be waived provided that those concerned apply to TEDAŞ until the end of September 2021 in accordance with the requirements stated in the Law.

As per Article 2 of the Law titled “**Term Extension, Meeting Postponement and Remote Working**”;

- Notifications and declarations to be submitted by associations as per the Law on Associations and the Turkish Civil Code along with general assembly meetings of associations, are postponed until 31.07.2020. Ministry of Interior is entitled to extend the said duration for an additional period of 3 months. Postponed general assembly meetings shall be held in 30 days starting from the end of the postponement duration and duties, authorizations and responsibilities of current corporate organs shall continue until the first general assembly meeting to be held after the postponement duration. This regulation entered into force on the date of publication of the Law in the Official Gazette, being effective from 10.03.2020 according to Article 14 of the Law.
- Execution of collective bargaining agreements, resolution of collective labor conflicts and procedures with regard to strikes and lockouts within the scope of the Law on Labor Unions and Collective Bargaining Agreements is stopped for a period of 3 months starting from the date of publication of the Law in the Official Gazette. Time periods stipulated in the said law and related to the suspended procedures shall not operate during the aforementioned period of 3 months. Such time periods shall restart operating the day after the suspension period ends. President of the Republic is entitled to extend the said duration for an additional period of 3 months.
- Transactions of sale, rent, barter, construction in return for land or flat or establishment of limited real rights for immovables owned by Treasury and auctions for renting lands under the discretion of the government or granting permission of occupancy on them are allowed to be made in an electronic format until 31.07.2020, provided that relevant service duty is paid. Ministry of Environment and Urban Planning is entitled to extend the said duration for an additional period of 3 months.

As per the provisional 24th and provisional 25th articles added to the **Unemployment Insurance Law** with Articles 7 and 8 of the Law entered into force on the date of publication of the Law in the Official Gazette, effective from 29.02.2020;

- Money support amounting to daily 39,24-TL shall be provided to employees who already have labor contract as of the date of the Law’s entry into force and have been granted unpaid leave by their employers according to the provisional Article 10 of the



Labor Law (the said article entered into force with the 8th article of the Law and stated below) and who cannot benefit from short time working fund, as well as employees whose labor contracts were terminated after 15.03.2020 within the scope of the Article 51 of the Unemployment Insurance Law and cannot benefit from unemployment fund according to other articles of the stated law. The money support shall be given to the aforementioned persons for the period in which they are granted unpaid leave or they are unemployed, provided that they do not get old age pension from any social security institution and such payment shall not exceed the non-termination period (period of 3 months until 17.07.2020) stipulated in the provisional Article 10 of the Labor Law. No reduction is going to be accrued on the said payments excluding stamp tax.

In case it is detected that employees are still working even though they were granted unpaid leave and benefit from the above mentioned money support, the employer shall be imposed by the Social Security Institution, an administrative fine of monthly gross wage per employee that is working under such circumstances and the money support that was provided shall be collected from the employer, together with legal interest accruing as of the date of payment.

Individuals provided with the money support within the context of this article who are not subject to general health insurance or not dependent of individuals subject to general health insurance as per the Social Security and General Health Insurance Law, shall be deemed to be subject to general health insurance pursuant to the said law and their general health insurance premiums shall be met from the fund.

- Without waiting for compliance inspections to be finalized, short time working payments shall be made upon applications by the employers, such applications being based on force majeure due to the Coronavirus in line with employers' statements. However, excessive or unnecessary payments resulting from providing false information or document shall be collected from employers with legal interest.

As per the provisional Article 10 added to the **Labor Law** with Article 9 of the Law;

- Any kind of labor or service contract, regardless of whether they are within the scope of the Labor Law, cannot be terminated for a period of 3 months starting from the publication of the Law in the Official Gazette, excluding rightful terminations due to situations against morals and goodwill and similar situations stipulated in the Article 25 of the Labor Law and in other laws. Employers are allowed to grant to their employees, complete or partial unpaid leave within the said 3 months. However, being granted unpaid leave by their employer pursuant to this article shall not grant employees a ground for rightful termination.

Employers or representatives of employers terminating labor contracts against the aforementioned measures shall be imposed an administrative fine of monthly gross



minimum wage in effect at the moment of termination per employee whose labor contract has been terminated in such a manner.

President of the Republic is entitled to extend the said duration for an additional period of 3 months.

As per the additional Article 7 added to the **Public Finance Management and Control Law** by Article 10 of the Law;

- In times of force majeure situations including pandemics, no sanction such as default interest or fine shall be imposed on the grounds of delays that may occur during transactions operated on information systems of Ministry of Treasury and Finance.

As per the provisional Article 13 added to the **Turkish Commercial Code** by Article 12 of the Law;

- Until 30.09.2020, capital companies are allowed to resolve to distribute only 25% of the net profit of 2019; they are not permitted to resolve to distribute profits from past years as well as free reserves; and board of directors cannot be granted by general assemblies the right to distribute advance dividends. President of the Republic is entitled to extend or shorten the said duration for a period of 3 months.

In addition to the above, in case that the general assembly of a company has already resolved to distribute dividend relating to the 2019 accounting year, however, no or partial payment has been made to the shareholders, payments exceeding 25% of the net profit of 2019 shall be postponed until 30.09.2020.

As per additional Article 1 and subclause (1) added to the 1st clause of Article 18 of the **Law on Regulating Retail Trade** by virtue of Articles 13 and 14 of the Law;

- Overbidding relating to the price of a good or service by manufacturers, suppliers or retail enterprises is forbidden and those acting against this provision shall be imposed an administrative fine ranging between 10.000-TL and 100.000-TL.
- Activities that have narrowing effect on the market, that disturb the market balance and free competition or that prevent consumers from reaching goods are forbidden and those acting against this provision shall be imposed an administrative fine ranging between 50.000-TL and 500.000-TL.

Kind regards,

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