

Turkey proposes draft Bill amending several laws due to COVID-19

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The Turkish Government has proposed a draft Bill which aims to amend several laws including the Turkish Commercial Law, Labor Law, Law on Research and Development (R&D) and Design Activities, Technology Development Zones, Unemployment Insurance, Arrangement of Internet Publications and Combating Crimes, among others.

This Alert outlines some of the significant amendments:

- ▶ Turkey is planning to implement a partial temporary ban on the payment of dividends to shareholders. Under this proposal, the amount of a cash dividend that companies with share capital can distribute through 31 December 2020 cannot exceed 25% of the net profit of 2019. The General Assembly cannot authorize the Board of Directors to distribute advance dividends.

The Bill suggests that if the General Assembly had approved distribution of dividends for the fiscal year 2019, but the shareholders have not yet been paid or partial payments have been made, payments for the portion exceeding 25% of the net profit for 2019 are postponed until the end of the respective period (through 31 December 2020).

- ▶ According to the Turkish Commercial Law, the Ordinary General Assembly Meetings are held within three months of the end of the accounting period every year. The Bill suggests that such three-month period is increased to five months for holding the General Assembly Meetings and electing the independent auditors.

- ▶ According to the draft Bill, in the case of force majeure situations, R&D activities might also be performed outside of the R&D centers without losing the benefits (*implementation of discounts, exceptions, aid/relief/supports and incentives recognized under the Law*) allocated to the activities carried out only in the R&D centers. The President will have the authority to decide whether the requested activities can be performed outside of the R&D centers.
 - ▶ The Bill aims to introduce a provisional article to the Unemployment Insurance Law. According to the provisional article, workers taking unpaid leave are granted cash wage support from the Unemployment Insurance Fund in the amount of TL39.24 per day. Workers who are discharged after 15 March 2020 and could not benefit from the support payment as per other articles of the Unemployment Insurance Law could also benefit from this support.
 - ▶ The Bill aims to introduce a provisional article regarding temporary employment security to the Labor Law. Accordingly, employment contracts of all types of workers cannot be terminated by employers for three months period beginning from the date of entry into force of this Law, except in cases where the worker is sick, and it is identified by the Ministry of Health that the sickness of the employee is unrecoverable. Unpaid leave could be enforced by employers to workers during this period. The President is authorized to increase this time period for up to six months.
 - ▶ The Bill aims to allow factoring and financing contracts to be concluded remotely by using remote communication devices or via other methods determined by the Banking Regulation and Supervising Agency, which could replace the conclusion of written contracts and involves use of electronic communication devices.
 - ▶ The Bill proposes introduction of an obligation for foreign social network providers who have more than a million of daily access sourced from Turkey, to appoint an authorized representative in Turkey and to report this person's identity and contact information to the Information Technology and Communication Authority (Authority) in order to fulfil the requirement of notifications, request or other notifications to be sent by the Authority, access provider union, judicial or administrative authorities and to respond to applications made by persons according to this Law.
- The social network provider, who does not fulfil the obligation to appoint and report a representative, is notified by the Authority. If the obligation to determine and report a representative within thirty days from the notification is not fulfilled, the institution may apply to the Criminal Court for reducing the internet traffic bandwidth of the social network provider gradually, first by 50% then by 95%.

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