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► Termination of the employment contract and termination-related receivables

Labour Inspection and Guidance
Handbook Series
June 2026



**DIRECTORATE OF GUIDANCE
AND INSPECTION**



**International
Labour
Organization**

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▶ What is severance pay?

Severance pay is a safeguard granted in return for employees' service.

Those who are entitled to severance pay;



- ▶ Workers under the Labour Law



- ▶ Seafarers under the Maritime Labour Law



- ▶ Journalists under the Press Labour Law

▶ How is entitlement to severance pay obtained?

For workers employed under Labour Law No. 4857:

- ▶ The employment contract must be terminated for a just and valid reason in a manner that entitles the worker to severance pay,
- ▶ The worker must have at least 1 year of service at the workplace,
- ▶ The entitlement must not be time-barred after the termination of the employment contract, and these conditions must be fulfilled cumulatively.

For workers subject to Labour Law No. 4857, severance pay shall be paid to the worker when the employment contract is terminated for the following reasons:

- 1 Dismissal of the worker by the employer without a just cause (excluding reasons such as conduct contrary to morality and good faith as set out in Article 25 of the Labour Law),
- 2 Termination of the employment contract by the worker for a just cause (for reasons within the scope of Article 24 of Law No. 4857, such as health grounds or conduct contrary to good faith and morality),
- 3 Termination of employment due to compulsory military service,
- 4 Termination of employment due to retirement,
- 5 When the worker, having completed the insurance period and contribution days required for retirement, resigns voluntarily upon fulfilling these conditions except for the age requirement,
- 6 When a female worker voluntarily quits her job within 1 year after her marriage,
- 7 Death of the worker.

► How is severance pay calculated?

Severance pay is calculated based on the gross wage inclusive of all benefits.

- The worker's last monthly gross wage at the date of termination of the employment contract,
- 30 days' wage for each full year of service,
- The total length of service at the workplace,
- In addition to the wage, monetary benefits or benefits measurable in money provided to the worker shall be taken into account in the calculation of severance pay.



Items taken into account in the calculation of severance pay

- ▶ Bonuses,
- ▶ Regular premiums,
- ▶ Fuel allowance,
- ▶ Clothing allowance,
- ▶ Housing allowance,
- ▶ Transportation allowance,
- ▶ Private health and life insurance premiums,
- ▶ Meal allowance and similar payments,



Only stamp tax is deducted from severance pay.

Items not taken into account in the calculation of severance pay

- ▶ Protective clothing provided to the worker for use during the performance of work,
- ▶ Towels and soap provided for use at the workplace,
- ▶ Overtime pay granted on an exceptional basis,
- ▶ Wages for national holidays and general holidays,
- ▶ Weekly rest day pay may be given as examples.

► Is there an upper limit for severance pay calculation?

	01.01 2026	30.06 2026	
	•		
	TRY 64,948.77		
Severance pay calculation is subject to the upper ceiling determined by calculations made every six months.	This ceiling is TRY 64,948.77 for the period 01/01/2026 - 30/06/2026. Any amount exceeding this ceiling is not taken into account in the calculation of severance pay.		The worker and the employer may not, by mutual agreement, alter the upper ceiling of severance pay.



► Can severance pay be paid in installments?

There is no provision regulating the payment of severance pay to the worker in installments. Therefore, the worker and the employer may, by mutual agreement, agree on the payment of severance pay in installments. Provided that the worker and the employer reach an agreement, there is no limit on the number of installments.

If the employer fails to pay the severance pay installments on time, the worker shall be entitled to interest as from the date of termination.



Did you know that a worker who resigns voluntarily does not have entitlement to severance pay?

▶ What is payment in lieu of notice?

In the termination of employment contracts of indefinite duration, the situation must be notified to the other party in advance. The period that the parties must give prior notice to the other party before terminating the employment contract is referred to as the notice period. If either party terminates the employment contract without complying with these periods and without a just cause, that party shall be obliged to pay payment in lieu of notice to the other party corresponding to the notice period.



For a worker whose employment has lasted less than six months, two weeks after the notice is given to the other party,



For a worker whose employment has lasted from six months to one and a half years, four weeks after the notice is given to the other party,



For a worker whose employment has lasted from one and a half years to three years, six weeks after the notice is given to the other party,



For a worker whose employment has lasted more than three years, it shall be deemed terminated eight weeks after the notice is given.



Did you know that notice periods may be extended by agreement between the parties?

► How is payment in lieu of notice calculated?

Payment in lieu of notice is also calculated based on the gross wage inclusive of all benefits, as in severance pay. In the calculation of payment in lieu of notice, the compensation is calculated based on the notice period corresponding to the worker's length of service.

In the calculation of payment in lieu of notice:

For a worker with length of service of 0-6 months  **2 weeks (14 days)**

For a worker with length of service of 6 months-1.5 years  **4 weeks (28 days)**

For a worker with length of service of 1.5-3 years  **6 weeks (42 days)**

For a worker with length of service of 3 years or more  **8 weeks (56 days)**

and the calculation is made based on the gross wage inclusive of all benefits.



Did you know that there is no upper ceiling in the calculation of payment in lieu of notice, unlike severance pay?

Did you know that payment in lieu of notice may be paid in installments if the parties agree?



► What is job security in working life?

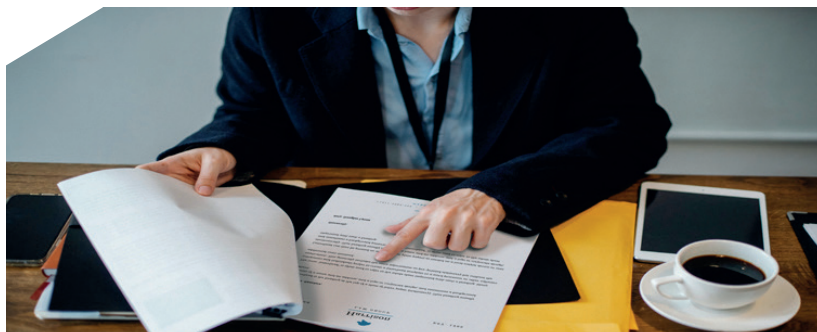
Job security is a set of rules that prevents the arbitrary termination of employment contracts of indefinite duration by the employer and aims to protect workers in cases of unjust termination.

Job security may be benefited from by workers with at least 6 months of service in workplaces employing 30 or more workers:

- Workers under the Labour Law,
- Employees under the Press Labour Law.

The termination by the employer of employment contracts of indefinite duration of workers with job security must be based on a valid reason arising from:

- The worker's competence or conduct, or
- The requirements of the enterprise, the workplace, or the work



Did you know that no length-of-service requirement is sought for underground mine workers to benefit from job security, and that workers without 6 months of service may also benefit from job security?

► What rights do employees with job security have in the event of dismissal?

A worker whose employment contract has been terminated must, on the grounds that no reason was stated in the notice of termination or that the stated reason is not a valid reason, apply to a mediator within one month from the date of notification of the termination notice, with a request for reinstatement, in accordance with the provisions of the Labour Courts Act. If no agreement is reached at the end of the mediation process, a lawsuit may be filed before the labour court within two weeks from the date on which the final report is issued.



If the court determines that the employment contract was not terminated based on a valid reason, the worker shall have the right to be reinstated. It is mandatory to apply to the employer in order to resume work.

If the employment contract is terminated without a valid reason, the worker shall be entitled to claim wages for the period spent idle, regardless of whether the worker resumes work or not. Within the scope of wages for the period spent idle:

- Up to 4 months' wages,
- Bonuses, food allowance, fuel allowance, and other similar payments within this period,

may be claimed.



Did you know that wages paid for periods spent idle shall be included in social security premiums?

▶ What are the rights of an employee who is not reinstated?

If the worker whose reinstatement has been ordered is not re-employed by the employer upon application, the worker shall be entitled to job security compensation corresponding to at least 4 months' wages and up to a maximum of 8 months' wages. The amount of compensation shall be determined by taking into account the worker's length of service, the principle of proportionality in the reason for termination, and similar factors.



Did you know that job security compensation is an additional compensation and that you may also be entitled to severance pay and payment in lieu of notice?

▶ What can an employee who is not covered by job security do?

If employment contracts are terminated by the employer in bad faith, workers shall be entitled to bad faith compensation in an amount equal to three times the notice period.

- ▶ Maternity,
- ▶ Maternity leave,
- ▶ Military service,
- ▶ The worker's pursuit of his legal rights against the employer,
- ▶ The worker's political opinion,

and similar reasons may be considered bad faith.

Workers employed under employment contracts of indefinite duration who are not subject to job security may, in addition to their entitlement to severance pay and payment in lieu of notice, also claim bad faith compensation.

► What is trade union compensation?

Workers' recruitment shall not be made conditional upon joining or not joining a particular trade union, maintaining membership in a particular trade union or withdrawing from membership, or being or not being a member of any trade union. The employer shall not make any distinction between workers who are members of a trade union and those who are not, or between workers who are members of different trade unions, in terms of working conditions or termination of employment. The provisions of collective agreements regarding wages, bonuses, premiums, and monetary social benefits are reserved.

Workers shall not be dismissed or subjected to different treatment on the grounds of their membership or non-membership in a trade union, or their participation in the activities of workers' organizations outside working hours or, with the employer's permission, during working hours, or their engagement in trade union activities.

If the employer acts in violation of the above provisions, trade union compensation of not less than one year's wages shall be awarded to the worker.

► What is discrimination compensation?

The employer shall treat all comparable workers performing the same work under equal conditions in the employment relationship. The obligation of equal treatment means that, unless there is a justified reason, the employer must not discriminate between workers and must treat workers in similar situations equally and fairly.

If the employer acts in breach of the obligation of equal treatment during the continuation or termination of the employment relationship, the worker may, in addition to an appropriate compensation of up to four months' wages, also claim the rights of which the worker has been deprived.



Did you know that workers who continue to work may also apply for discrimination compensation?

► What procedure should be followed for the payment of compensation?

Following the termination of employment contracts, the compensation claimed and the grounds for such compensation shall be notified to the employer by means of a written petition. Notification through a notary public is important for evidentiary purposes.

If an agreement is reached with the employer after termination, compensation rights shall be paid in accordance with the terms of the agreement.

In the event of a dispute with the employer, it is mandatory to first apply to a mediator.

If no agreement is reached at the mediation stage, legal proceedings must be initiated.

► What is the statute of limitations for my individual claims?

The statute of limitations for severance pay, payment in lieu of notice, bad faith compensation, and discrimination compensation is 5 years.

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This publication has been prepared within the scope of the project titled “Strengthening Workplace Compliance through Labour Inspection Guidance and Social Dialogue,” implemented in cooperation between the International Labour Organization’s Türkiye Office and the Directorate of Guidance and Inspection (DoGI) of the Ministry of Labour and Social Security.

This publication is funded by the European Union. Its contents are the sole responsibility of the ILO and do not necessarily reflect the views of the European Union.