

## Turkey Announces Employer Obligations for Automatic Pension System

26 Dec 2016

Turkey has announced secondary legislation outlining details for the newly introduced automatic private pension scheme, which will take effect from 1 January 2017 (more). The details particularly address employer obligations for participating in the scheme, as well as dealing with employee contributions.

Prime Ministry Circular No 2016/26 regarding Automatic Participation in Private Pension System ("**Circular**") was published in Official Gazette number 29990 on 26 November 2016. The Circular outlines details for the automatic pension scheme ("**Scheme**"), introduced by the Law on Personal Pension Savings and Investment System No 4632 ("**Law**").

The Circular outlines details of employers' obligations to:

- Execute agreements with one (or more) authorized pension companies.
- Determine authorized directors for executing pension agreements on behalf of central and/or provincial units.
- Provide pension schemes to employees within the scope of the Law.
- Transfer contributions taken from salaries to the pension companies in due time.
- Take internal measures to enable data sharing, as well as correctly calculate and collect contributions.

Employers which fail to meet their obligations will be subject to administrative fines from the Ministry of Labor and Social Security.

Employers which do not transfer contributions to the pension companies in due time will be liable for the financial losses which occurs in the relevant employee's savings.

Please see this [link](#) for full text of the Circular (only available in Turkish).

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