Investigation of Taxation of Minimum Wages in Terms of Justice Principle*

Doğan BOZDOĞAN¹ & Kübra BOZDOĞAN²

Keywords
Minimum Wage, Tax, Justice Principle, Social Policy.

Abstract
Taxes are a result of the sovereignty of states. This is an important item in the financing of public expenditures. At this point, taxation brings with it a number of problems due to arbitrary application of authority taxation authority. One of the problems in question is the taxation of the minimum wage.

The minimum wage is a socially salaried wage which is an income guarantee in the sense that it is the minimum wage level at which the worker can be employed and which is suitable for minimizing an appropriate way of living in social care. It is also a fact that the presence of the infant is inevitable where the income is. In this direction taxation of the minimum wage is a very debatable issue in the literature.

In the study the taxation of the minimum wage will be examined in terms of the justice principle in taxation by taking advantage of the high court decisions and a number of solutions will be made regarding the problems identified.

1. Introduction

A social policy instrument and the minimum wage that interferes with the lowest level of wages in the market, that is, the minimum wage to meet the minimum living conditions, is very important for the survivors of their lives with the help of their labor. This applies not only to workers, but also to employers who provide employment for these workers.

The minimum wage should meet the needs of workers and their families. It should also not have tax and similar disruptions. While these interruptions reduce the net income of the workers on the one hand, they increase the employer’s financial liabilities and encourage them to take informal employment. So, In this study,

* This work was presented as a brief at the International Congress of Political, Economic and Social Research (ICPESS 20-22 May 2017).

¹ Corresponding Author. Assist. Prof. Dr., Gaziosmanpaşa University, Faculty of Economics and Administrative Sciences, Department of Finance, dogan.bozdogan@gop.edu.tr

² Research Assistant, Gaziosmanpaşa University, Faculty of Economics and Administrative Sciences, Department of Finance, kubra.bozdogan@gop.edu.tr
taxation of minimum wages in Turkey has been evaluated in terms of justice principle in taxation.

2. The Concept of Minimum Wage

The minimum wage guarantees a livable standard of living for all working people, especially for workers. The minimum wage is also one of the important instruments that plays a role in the establishment of a peaceful environment between poverty and income inequity and the struggle and thus the classes in society. In this framework, the minimum wage is more of an economic factor than a social factor. This composite structure makes it difficult to define a minimum wage.

Again, the minimum wage mechanism that may apply to a country that is in the midst of economic, social and cultural values may not have the same effect for other countries. From this point of view, the abstraction and variability of the principles underlying the minimum wage draw attention as another issue that makes it difficult to define the minimum wage.

When defining the minimum wage, some elements need to be evaluated together. One of these elements is the obligatory needs of the workers, while the other is the means of payment. It can be said that both elements vary in time and space.

In the context of these explanations Zaim (1992) considered the minimum wage as a means of social policy and considered the minimum wage as a remuneration based on the human needs which constitute the basis of the society, not a counter of the labor involved in production (Zaim, 1992: 168).

Talas (1976) treats the minimum wage as a wage that provides a level of life that can be accepted in the society where the worker lives with the family. In other words, the social content of the minimum wage is not limited to individuals (Talas, 1976: 60). The most comprehensive of the definitions of minimum concrete belongs to Kutal. In his book Kutal (1969), he stated that the effort to define the minimum wage can be expressed in 4 elements. According to this (Kutal, 1969: 4):

- An individual who is assessed under the minimum wage is a "worker" who provides his / her labor for a fee depending on someone else and makes a living with his / her wage. Factors such as worker's occupational status, age, gender, and sector of work play an important role in determining the minimum wage.

- To provide a minimum level of life at the appropriate level for social work, which is aimed at the minimum wage. In this context, it would be more appropriate to choose a "socially appropriate" life-level concept rather than the mandatory needs of the worker. Because the concept of compulsory need has a meaning that meets more physiological needs, it can not meet the spiritual cultural needs of the worker.

- The minimum wage is different from the other wage types. Factors such as productivity, time, profitability, part and job evaluation are not taken into consideration in determining the minimum wage in the determination of the fee. It is aimed to provide the minimum conditions necessary for the survival of human beings as a human being, at the minimum wage, beyond the value produced and produced with the effort of the workers.
The minimum wage is a type of wage for both employers and employers to comply with. From this point of view, employers' attempts to pay are limited at a value below the minimum wage.

The minimum wage in the framework of these four elements is suitable for providing a suitable level of social care due to the worker human identity; On the other hand, it is a fee with compulsory character which allows the employer to pay a lower wage (Kutal, 1969:6).

3. Minimum Wage Features and Elements

The minimum wage is paid in return for a day when the worker is working, and the worker has to pay for housing, health, transportation, food, Can be defined as the fee that can meet the needs at the lowest level over the daily prices. In other words, the minimum wage is not just a production factor and compensation for work, but a necessary source of income for people to survive and survive.

It is possible to list the characteristics of the minimum wage calculated on a daily basis and paid on a monthly basis (Turan, 2012: 18);

- The Connector; Legislative provisions have been set and enforced. Negotiations between the parties can not be made. The employer has legal and criminal liability.

- It is different from the qualifications of the worker and the employee; The conditions of execution of the work, the qualities such as physical and intellectual power, the working environment required; The employee's personal qualities such as level of education, experience or seniority are not considered.

- It does not cover workers under the sole worker status; All under dependent status benefit from the minimum wage regulation. For example, public employees.

- It helps a fair distribution of national income; The minimum wage is a social policy tool. It can be defined as an important factor in redistribution of national income.

- Used as a benchmark in bonus and compensation calculations; It is re-determined by passing it at regular intervals. It is thought that it can best reflect the true purchasing power.

- There are direct and indirect reflections on various areas; Preventing unfair competition in terms of workers and employers, providing a level of life worthy of human dignity, and providing a minimum level of qualifications.

The elements of the minimum wage can be listed as follows its definition;

- The minimum wage is equal to your worker's normal working day; This element is indicated in Article 4 / d of the Minimum Wage Regulation. The fact that a normal working day is compensated means that a worker who is incomplete or partially employed can not claim the full minimum wage from the employer (Korkmaz and Avsalli, 2012: 156). Partly
employed workers (few hours a day or a few hours a week) benefit from this rate in proportion to the time they work. However, if the parties (workers and employers) agree on the working time under the statutory wage or if there is an incomplete work due to legal reasons (Business law article 63), the wage must be fully paid to the worker. In such cases, rather than the legal daily work period, the work duration agreed by the parties is taken as basis and the worker is paid as if he worked full-time. Also, overtime fees are not included.

- **The minimum wage is the minimum amount of one's compulsory needs:** The compulsory requirements addressed in the determination of the minimum wage can be determined within the framework of the principles of "a dignified living standard of every Turkish citizen" in the 1982 Constitution and "not keeping the social and economic situation of the country away from the eye" in Article 55. In this context, entertainment is also adopted as a compulsory human need.

- **The needs of the workers are based on:** It should be argued that as the calculation unit in the minimum wage legislation, only the requirements of the workers or the working families should be taken as basis. In the fourth article of the Regulation, the word "workers" was used and the worker’s family was not mentioned (Korkmaz and Avsallı, 2012: 156). In this narrow interpretation, only the needs of the workers are taken as basis. Wage determination is carried out in accordance with these needs.

- **The minimum wage constitutes the lowest limit of the wage to be paid:** Article 12 of the Minimum Wage Regulation states that "workers can not be paid a lower wage from the minimum wages set forth and that they can not make provisions on service contracts and collective bargaining agreements that would result in a lower wage than the minimum wage".

If a lower rate than the minimum wage can not be decided and if the wage is determined under this fee, the minimum wage is not determined to be the minimum wage, the wage should be determined considering the personal characteristics of the worker and the nature of the work and the applications at work (Korkmaz and Avsallı, 2012: 157).

4. **The importance of the Minimum Wage**

Fee paid to workers for employers is a cost element. In other words, it is important for the workers that these wages are usually the only income item. Therefore, since the most important and the only source of income for the employee is the cost element within the employer, the minimum wage has a very important structure in terms of both social and economic aspects (Küçük, 2016:26).

The minimum wage is also important because it is a result of labor. Because labor is vulnerable in comparison to other factors of production. Moreover, the wasting of your stamina over time will result in a loss of income or an ending. The concept of the minimum wage, which aims to guarantee that a worker who provides his / her education has a level of income that will provide a life at an honorable level of life that is required to be a human being, regardless of the wage-productivity
balance in economic terms, is not merely an economic factor affecting wage structure in terms of economics, As a social variable that is valued in terms of increasing the vital expectations of large segments of society (Korkmaz, 2003: 30).

5. Purposes of Minimum Wage

In terms of minimum income, it is aimed to improve both the sociological and economic aspects of low income earners in terms of wage income. In particular, the aims of these policies are to ensure that income distribution is fair, to reduce poverty, to receive compensation for labor, and to provide minimum wage equality. In this context, it is possible to list the aims of the minimum wage as follows;

- Provide Justice Distribution of income
- Protection of the Value of Labor
- To reduce the gap between the fees,
- To prevent unfair competition.

5.1. Justice Distribution of Income

Provision of justice in the distribution of income is an extra fiscal purpose of the state. The state is intervening in the distribution of income by using the means in hand. The concept of justice in income distribution is defined as the balanced and fair share of those who participate in national income generation activities (Aktan, 2002: 3). It is very important to provide justice for income distribution in developing and underdeveloped countries like Turkey. Because these countries are not enough to ensure rapid growth.

The minimum wage has an important influence on the redistribution of incomes in terms of creating a wage base in the market for those who earn wages under the assumption that the national income is constant. In developing country economies like Turkey in general, the deficient and deficient nature of the competitive conditions in the market leads to the inability of the business power to organize adequately and a wage level below the marginal productivity of labor (Şener, 1996: 18).

It can be said that developing countries have more precautionary effects than developed countries in terms of income distribution of minimum wage applications. In countries where the level of development has reached certain levels, the high level of workers’ coordination and organizational levels and the tax policies and the effective application of other income policies provide justice in income distribution. In developing countries such as Turkey, national income is constantly redistributed against low income people due to high rate of growth and inflation. This leads to the importance of minimum wage practice in providing justice to income distribution.

5.2. Protection of the Value of Labor

One of the important objectives of minimum wage application is prevention of labor exploitation. For this purpose, protection of workers with low wages is important. The labor of a worker who receives less than his actual value will fall to
a level commensurate with his or her unwilling salary (Talas, 1976: 61). This is an inevitable result. In addition, the payment of an employer’s expense to the extent of exploitation will also affect the fees to be paid by other employers. This contrary rivalry will result in the lowest level of competition. In this way, labor will not receive the value it deserves. The minimum wage is influential in protecting the value of labor in two places.

The first effect of the minimum wage is protection for low wage labor. It will not be easy to exploit workers who are under the protection of strong trade unions who have problems in organizing and who are strikers and have the right to bargain collectively. The second effect of the minimum wage is that the equal wage is paid at the lowest wage level. With the International Work Organization's dated 1951 and 1966/810 law numbered, Equal Remuneration Agreement number 100, an important step has been taken to ensure equal pay for equal work all over the world.

5.3. Reduced Fee Difference

Determining the minimum level of wages will help to reduce high wage differentials, which is a characteristic feature of labor markets. Economic facts, such as business structures, skill level, geographical and sectoral differences, are influential in creating wage differences between various wage structures.

It is inevitable that the difference between the charges will occur. What is important is that the difference between these charges is kept at reasonable levels. At this point, the minimum wage application is implemented and the difference between the wages is reduced.

5.4. Prevention of Unfair Competition

One of the goals of the minimum wage is to prevent unfair competition in the various levels of the labor market. In this framework, unfair competition arises due to the difference between the wages of the workers in the sectors and the business sectors where the unions are well organized and the wage levels are higher, despite the fact that the labor organization is slow in countries where there is plenty of unemployment and youthful and unemployed workforce with rapid population growth (Gökdere, 1997:9). At this point, the minimum wage prevents the unfair competition from occurring by reducing the wage differences that are not based on efficiency and qualification differences.

6. Minimum Wage in Turkey

The minimum wage is important for developing countries more than developed countries. It is known that in developing countries the low level of life is at a relatively higher level with the minimum wage, which fulfills the reasonable minimum standard of living. In Turkey, which is a developing country, the minimum wage is of considerable importance due to the large number of workers who have to work from this wage level.

It can be said that the regulations concerning the minimum number of units in Turkey have extended to the Ottoman and Seljuk periods. In the Ottoman and Seljuk working life, "ahi organizations" have seen a variety of organizational
functions and these organizations have intervened in the prices and have played an important role in providing the living conditions suitable for Turkish tradesmen and workers by regulating the relations between the masters, staff and apprentices (Eser ve Terzi, 2008: 130).

In the Ottoman period in 1806, the fees related to certain works were determined by the currency of the time. This has taken its place in history as the first minimum wage application. Article 11 of the Ereğli Coal Basin Mineral Workers’ Law No. 151, issued in 1921, provides for the determination of the minimum wages of workers working in mines (Korkmaz, 2003: 153). Again in 1923, at the İzmir Economy Congress, it was decided that the municipal councils should determine the minimum wage amounts every three months, taking into consideration the living conditions, but could not find a way to implement them.

In spite of these past practices, the first real legal regulation concerning the minimum wage in Turkey was made in the Republican period in 1936 with the Labor Law No. 3008. The minimum wage could be applied 15 years later, as the regulation in this law could not be prepared until 1951. With this application continuing until 1967, no new results were obtained and new regulations were made in this issue with the Labor Law No. 931 issued in 1967 and the Minimum Wage Regulation of 1968. Until 1973, the minimum wage, which was determined only in the industrial sector, was set as a separate fee for those working in agriculture and forestry in 1973. Since 1989, this practice has been discontinued and can be determined as a single level for the whole country, without any regional or sectoral differences, as determined by the Central Qualification Commission, the Minimum Wage Fixation Commission.

In the current Article 39 of the Labor Law No. 4857, the Minimum Wage Determination Commission of the Ministry of Labor and Social Security is responsible for setting the minimum limits of wages at most two for the social and economic situations of all kinds of workers who work under the employment contract and which are not covered by this law once a year.
Table 1. Gross Minimum Wage Amounts Between 1994-2017 in Turkey (₺)

<table>
<thead>
<tr>
<th>Effective dates</th>
<th>Who fill age of 16</th>
<th>Who do not fill age of 16</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Daily</td>
<td>Monthly</td>
</tr>
<tr>
<td>01.09.1995-31.07.1996</td>
<td>567.000</td>
<td>17.010.000</td>
</tr>
<tr>
<td>01.08.1996-31.07.1997</td>
<td>1.181.250</td>
<td>35.437.500</td>
</tr>
<tr>
<td>01.01.1999-30.06.1999</td>
<td>2.602.500</td>
<td>78.075.000</td>
</tr>
<tr>
<td>01.07.1999-31.12.1999</td>
<td>3.120.000</td>
<td>93.600.000</td>
</tr>
<tr>
<td>01.01.2000-30.06.2000</td>
<td>3.660.000</td>
<td>109.800.000</td>
</tr>
<tr>
<td>01.07.2000-31.12.2000</td>
<td>3.960.000</td>
<td>118.800.000</td>
</tr>
<tr>
<td>01.01.2001-30.06.2001</td>
<td>4.665.000</td>
<td>139.950.000</td>
</tr>
<tr>
<td>01.07.2001-31.07.2001</td>
<td>4.898.250</td>
<td>146.947.500</td>
</tr>
<tr>
<td>01.08.2001-31.12.2001</td>
<td>5.598.000</td>
<td>167.940.000</td>
</tr>
<tr>
<td>01.01.2002-30.06.2002</td>
<td>7.400.025</td>
<td>222.000.000</td>
</tr>
<tr>
<td>01.01.2003-31.12.2003</td>
<td>10.200.000</td>
<td>306.000.000</td>
</tr>
<tr>
<td>01.01.2004-30.06.2004</td>
<td>14.100.000</td>
<td>423.000.000</td>
</tr>
<tr>
<td>01.07.2004-31.12.2004</td>
<td>14.805.000</td>
<td>444.150.000</td>
</tr>
<tr>
<td>01.01.2006-31.12.2006</td>
<td>17.7</td>
<td>531</td>
</tr>
<tr>
<td>01.01.2007-30.06.2007</td>
<td>18.75</td>
<td>562.5</td>
</tr>
<tr>
<td>01.07.2007-31.12.2007</td>
<td>19.5</td>
<td>585</td>
</tr>
<tr>
<td>01.01.2008-30.06.2008</td>
<td>20.28</td>
<td>608.4</td>
</tr>
<tr>
<td>01.07.2008-31.12.2008</td>
<td>21.29</td>
<td>638.7</td>
</tr>
<tr>
<td>01.01.2009-30.06.2009</td>
<td>22.20</td>
<td>666.0</td>
</tr>
<tr>
<td>01.01.2009-31.12.2009</td>
<td>23.10</td>
<td>693.0</td>
</tr>
<tr>
<td>01.01.2010-30.06.2010</td>
<td>24.30</td>
<td>729.0</td>
</tr>
<tr>
<td>01.07.2010-31.12.2010</td>
<td>25.35</td>
<td>760.5</td>
</tr>
<tr>
<td>01.01.2011-30.06.2011</td>
<td>26.55</td>
<td>796.5</td>
</tr>
<tr>
<td>01.07.2011-31.12.2011</td>
<td>27.90</td>
<td>837.0</td>
</tr>
<tr>
<td>01.01.2012-30.06.2012</td>
<td>29.55</td>
<td>886.5</td>
</tr>
<tr>
<td>01.01.2013-30.06.2013</td>
<td>32.62</td>
<td>978.6</td>
</tr>
<tr>
<td>01.07.2013-31.12.2013</td>
<td>34.05</td>
<td>1,021.50</td>
</tr>
<tr>
<td>01.01.2014-30.06.2014</td>
<td>35.70</td>
<td>1,071.00</td>
</tr>
<tr>
<td>01.07.2014-31.12.2014</td>
<td>37.80</td>
<td>1,134.00</td>
</tr>
<tr>
<td>01.01.2015-30.06.2015</td>
<td>40.05</td>
<td>1,201.50</td>
</tr>
<tr>
<td>01.07.2015-31.12.2015</td>
<td>42.45</td>
<td>1,273.50</td>
</tr>
<tr>
<td>01.01.2016-31.12.2016</td>
<td>54.90</td>
<td>1,647.00</td>
</tr>
<tr>
<td>01.01.2017-31.12.2017</td>
<td>59.25</td>
<td>1,777.50</td>
</tr>
</tbody>
</table>

Source: Created by the author using https://www.csgb.gov.tr

In Table 1, gross minimum wage determinations from 1995 to 2017 are shown daily and monthly. As can be seen in the table, determinations made between 2008-2017 were made for 6 month periods. The minimum wage calculated separately for workers who have completed 16 years of age by 2014 and have not been filled in since 2014 has been calculated at a common rate for both groups.
6.1. Minimum Wage Problems in Turkey

Since 1951 the minimum wage determined in Turkey has often been the focus of criticism. It can be said that the minimum wage is directed towards unskilled laborers called blue-collar workers. However, even the skilled workers prefer to work from the minimum wage because of the unemployment that has emerged as a result of the economic crises (Eser and Terzi, 2008: 133). Therefore, with the minimum wage in Turkey, the number of employees is quite high. In January 29, 2017 published in the Official Gazette No. 29963, the number of workers working in Turkey in the January 2007 Statistics on the Employee Numbers and Members of the Employees in the Business Segments is 12.699.769 in total in 2017 and 13.088.351 in 2016. About 6.5 million of these employees have a minimum wage. These figures show the importance of minimum wage application.

There are some problems with the minimum wage in Turkey, which is a developing country. In this context, one of the main problems of minimum wage in Turkey is that the minimum wage is based on the needs of the workers, not the family of the workers. Considering the needs of the working family, the minimum wage seems to be insufficient. The minimum wage in Article 4 / d of the Minimum Wage Regulation No. 25540, which is in force in Turkey, is paid at a normal working day for the workers and the minimum wage to compensate the compulsory requirements of the workers such as food, housing, clothing, health, transportation and culture at the daily prices. This definition is an indication that the family of a person is not taken into consideration when the minimum wage is determined.

In Turkey, where regional differences are very much experienced, the existence of a single minimum wage level is considered another problem. The Minimum Wage Determination Commission determines the minimum wage for the entire country without any distinction. A person working in the Southeastern Anatolia and Eastern Anatolia Regions, where the standard of living is lower compared to other regions, is subject to the same minimum quorum as those working in other regions. There are considerable differences between the level at which minimum wage earners work in these regions and the level at which they will occur in developed regions.

Another problem that needs to be addressed regarding the minimum wage is that the minimum wage amount determined in Turkey can not even meet the minimum requirements of the worker. The minimum wage determined in Turkey is not sufficient to meet the compulsory needs of workers such as health, housing, transportation and clothing at a minimum level. The hunger and poverty line of a four-person family declared by TURK-IS (Turkish Labor Union Commission) on 24.02.2017 is seen in Table 2.
According to Table 2, most people living in Turkey are living below the poverty line. Even a person working with a minimum wage earns a certain amount of income below the hunger limit.

Another important problem in Turkey regarding the minimum wage is the tax rates applied to the minimum sum. In Turkey, the determined minimum wage represents the gross wage. But the wage paid to the worker is reduced to a much lower level due to interruptions. The net minimum sum is reached by the breaks made from the gross minimum wage determined by the Minimum Wage Determination Commission.

0,759 stamp tax, 1% unemployment insurance fund, 14% Social Security Institution premium, 15% income tax. When other countries' minimum wage tax policy is examined, there is no other country except for Germany where the minimum wage is completely excluded from taxation. However, many mechanisms and facilities are provided for those who work for minimum wage in these countries. Unemployment insurance, income tax credits, family and child allowances are at the forefront of these practices. In Turkey, there is no system protected by the minimum wage. The tax burden on the minimum wage reduces the incomes of low incomes from one side and causes the costs of employers to increase from the other side (Eser & Terzi; 2008: 135).

The most important of these issues, which are regarded as the minimum order, is the tax cut from this already low rate. As it is known at this point, there are some limitations of taxation authority. One of these limiters is taxation principles. Therefore, taxation of the minimum wage constitutes non-compliance in terms of certain taxation principles. As examples of these principles, equality, legal security and justice can be given. The taxation of the minimum wage, especially in terms of justice principle, is a matter of debate. In this framework, firstly the minimum wage will be taxed and then the principle of taxable justice will be mentioned.

6.2. Taxation of Minimum Wage in Turkey and Tax Burden on Minimum Wage

The taxation of the minimum wage in Turkey is evaluated differently in terms of social policies and fiscal policies. From a social policy point of view, taking a tax from a minimum wage that meets needs at minimum, or making various cuts, is a contradiction to the purpose of this wage. In terms of fiscal policy, it is foreseen that leaving the minimum wage out of tax will cause serious costs.

Germany is the only country in the world that can not receive taxes from minimum wages. Taxes are being levied in other countries and efforts are being made to eliminate the negativity that this taxation, which is received with support such as family and unemployment insurance and unemployment insurance, will be created.
The minimum wage in Turkey is a structure that takes into account the needs of the worker, not the needs of the family. In addition, taxes on the minimum wage and tax-like deductions made are the elements that reduce the net income of the worker and increase the financial burden. This triggers the attraction to informality (Rakci and Vural, 2011: 64-65).

**Table 3. 2017 Annual Minimum Wage Amount and Consolidated Fees**

<table>
<thead>
<tr>
<th>Account of the Minimum of the Minimum (₺ / Month)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>MINIMUM WAGE</td>
<td>1,777.50</td>
</tr>
<tr>
<td>SSI PRIME 14%</td>
<td>248.85</td>
</tr>
<tr>
<td>UNEMPLOYMENT INSURANCE FUND % 1</td>
<td>17.78</td>
</tr>
<tr>
<td>INCOME TAX 15% (*)&amp;</td>
<td>93.32</td>
</tr>
<tr>
<td>MINIMUM PASSAGE DISCOUNT</td>
<td>133.31</td>
</tr>
<tr>
<td>DISTANCE TAX 0.759%</td>
<td>13.49</td>
</tr>
<tr>
<td>CIRCULAR TOTAL</td>
<td>373.44</td>
</tr>
<tr>
<td>NET MINIMUM WAGE</td>
<td>1,404.06</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Employment Cost (₺ / Month)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>MINIMUM WAGE</td>
<td>1,777.50</td>
</tr>
<tr>
<td>SSI PRIME 15.5% (Employer's Share)</td>
<td>275.51</td>
</tr>
<tr>
<td>EMPLOYER UNEMPLOYMENT INSURANCE FUND % 2</td>
<td>35.55</td>
</tr>
<tr>
<td>EMPLOYMENT TOTAL COST</td>
<td>2,088.56</td>
</tr>
</tbody>
</table>


Table 3 shows the net income of the worker after all interrupts applied and the cost that occurs on the employer. When Table 3 is examined, it will be seen that there are many taxes and similar financial liabilities on the minimum wage. It is open to debate whether there is such an intensive tax burden on a fee for a low price.

6.2.1. The Problem of Substitution Effect in Taxation of Minimum Wages

Taxes are one of the important tools used to reach economic targets. In this context, there are some effects on the production factors of tax. The most important of these effects is on the labor factor. The effect on the labor factor also comes in two types, income and substitution effect.

When individuals are taxed on their labor income, their income will be reduced by the amount of tax placed. This is a consequence of the income effect (Pursunlerli, 2003: 48). Apart from this, the tax on labor income also has an effect that reduces the income of the last hour that the individual works. This makes the leisure time cheaper. This emerging situation is called substitution effect. The fact that the minimum wage is in the low income group and how many studies are considered together that the wage will not increase can be said to be a substitute effect in a way that would increase the demand for the minimum wage.

6.2.2. Tax Exemption of Minimum Wage

It is a matter of debate that the minimum wage in Turkey is not tax-free long. On the basis of the principle of separation, the non-taxation of the minimum wage can be examined from various angles. It is possible to classify these angles as financial, social and economic.
6.2.2.1. Financial Dimension of Non-Taxation of Minimum Wage

Leaving the minimum wage out of tax has an absolute financial impact. The fact that an unrealistic expense is shown as working for those who are not working is one of these effects and is considered as a negative factor.

Again, there is a belief that if the taxation of the minimum wage is financially assessed, it will cause serious harm to the state. However, it can be explained that this blood is wrong.

The tax deducted from the minimum wage received by a single worker in Turkey is 93.32 TL as of 2017. A married worker who does not work with a 5-child worker pays a minimum living subsidy of 226.63 TL and does not pay any taxes. In 2016, a single worker pays a tax of 86 TL, while a married worker who does not work has paid a 43 TL income tax. At this point, let's assume that the average employee is married, his wife is not working, and he is a child. As of 2016, he has paid a monthly minimum wage of 43 TL in this position. This figure is 516 TL per year. When it is accepted that there are about 6.5 million minimum wage, the total tax paid by the minimum wage in 2016 is about 3.4 billion TL. The total budget revenues for the year 2016 are approximately 530 billion TL. Therefore, as of 2016, about 6% of budget revenues are taxed by minimum wage earners. This figure is not large enough for the state to give up. So with different budget items this can be turned off. In the light of these explanations, from the financial standpoint, it turns out that giving up the minimum wage is a serious injury to the budget.

6.2.2.2. Social Dimension of Non-Taxation of Minimum Wage

The minimum wage is one that meets the minimum requirements of employees. Not to be taxed on this income will be appropriate, albeit not contrary to the principle of payment power. The fact that the minimum wage is not taxed here can be criticized in terms of generality principle. Because, in the case of horizontal equality, less income is earned and more income is required. The fact that the wages paid by the minimum wage earners are below the poverty line removes this problem. In other words, the taxation of the minimum wage in today's conditions is also suitable for the principle of generality.

In paragraph 8 of the opening text of the 1982 Constitution, it is stated that every Turkish citizen has the inherent right and authority to develop a dignified life, material and spiritual existence in this respect. In this direction, it has been determined as a constitutional right for people to continue their lives. Taking taxes from the minimum wage will cause problems for the wage below the level of poverty so that the individuals can continue their material and spiritual existence.

6.2.2.3. Economic Effects of Tax Exemption of Minimum Wage

The exclusion of the minimum wage from tax will close the gap between net wage and gross wage. Decrease in production costs will be the issue. Therefore, the removal of the minimum wage from the scope of the tax will not only ease the minimum wage but also relieve the employer.
The decline in production costs will result in an increase in employment levels (Diulio, 1985: 56). In this direction, it will be ensured that the employees are registered and there will be developments in the registered economy.

The increase in the net wage amounts of the minimum wage will increase the marginal consumption trends of these people. This, in turn, will increase consumption expenditures. Thus an important revival in the economy will come into play.

7. Justice Principle in Taxation

At the very beginning of people's expectation from a tax system, the tax burden is distributed fairly. In order to develop voluntary harmony against the taxation in society and raise the moral values of social taxation, it is necessary to formulate this issue. At this point, the main task of the states is to provide the well-being of the people, to provide peace of mind, to bring economic obstacles that are incompatible with justice.

In Turkish positive law, the element that separates the principle of fair and balanced distribution of the tax burden from the theoretical tax justice principle is the arrangement of the primary. The fair and balanced distribution of the tax burden was first mentioned in Article 73/2 of the 1982 Constitution. Accordingly, it is emphasized that the fiscal policy of the just and balanced distribution of the tax burden is a social aim. It is stated in this article that social justice will be taken into consideration.

In general, taxation is more than justice as a means. Other taxation principles are of great importance in terms of achieving fair taxation as a principle that can not be put forward as a concrete fact but can be felt by people. From this point of view, the principle of fair and balanced distribution of the tax burden is a complement to other principles.

The principle of fair and balanced distribution of the tax burden is a primitive one that actually compliments the financial soundness taxation principle and can not be considered apart from it. If everyone is going to pay tax according to their financial strength, then a fair and balanced distribution arises at this point.

One of the most important issues for the taxpayers over the tax history is the establishment of a fair tax system. The purpose of a fair tax system is to distribute the taxes to be made in order to realize public services in an appropriate manner among the people who constitute the society.

To be able to achieve justice in the taxation process is largely dependent on equal treatment of those in a state of equality and proportional to the payment power of the taxpayer, and the redistribution of income and wealth within a certain order. In addition, personal and family characteristics of the persons should be taken into

---

3 Constitutional Court, K.2016 / 161, E.2015 / 73, RG.03.11.2016-29877.
4 Article 73/2 of the Constitution: "The fair and balanced distribution of the tax burden is the social purpose of the fiscal policy".
account, tax evasion should be followed and double taxation should be avoided. Capital income and activity income need to be taxed separately.

Everyone is obliged to pay taxes. But for some political, economic and social reasons some groups or persons are excluded from tax. This is called 'tax exemption’. Tax exemption is called "tax exemption" when some subjects are excluded from taxation. The approach that advocates that the payment power of people should be taken into consideration in the provision of tax-justice is the 'solvency' approach. The taxpayer’s power to pay taxes is the income, the wealth and the expenses of the person. The taxation of the person against the tax payment power also provides justice in the distribution of income.

8. Investigation of Taxation of Minimum Wage in Terms of Justice in Taxation

A just tax system requires the unification of equality and financial power principles in taxation (Çomaklı and Gödekli, 2011: 57). The source of tax justice is reserved in social and legal states. In other words, it is possible to explain tax justice as the protection of the powerless against the forces.

It is seen that the tax burden is quite high when the sum of income tax on wages, social security premium, unemployment insurance premium and social insurance and unemployment insurance premiums share in net basis.

The taxation of the minimum wage, which is called the low income group in the context of these explanations, is open to debate in terms of the justice principle. The minimum wage application in Turkey is below the poverty line. For this reason, the taxation system, which is regarded as an object of taxation, has a negative impact on access.

As is known, the income tax rate calculated on the minimum wage is 15%. This rate is applied on the basis of 2017 Income Tax base, which is 1,510,87 ₺. As can be seen, this monthly calculation is a high tax burden on the minimum wage. To reduce this load, minimum subsistence reduction is applied. But it is a matter of debate whether this practice is sufficient.

As mentioned earlier, it is possible not to get tax on the minimum wage. The state will have a loss of revenue of about 6%. This loss can be eliminated by supporting with different budget items and justice can be provided in terms of minimum wages.

There is a long discussion of the issue of not taxing the minimum wage. Those who point out that taxation of the minimum wage in social terms are considered as a burden on the taxpayer on this fee and defend the minimum wage to be excluded from the tax. In other words, a social and just state understanding of the state requires tax exemptions of low incomes (Bosnalı, 2000: 316).

9. Conclusion

Inequality in income distribution for developing countries like Turkey and Turkey is one of the important problems. As a result, important problems also arise in the financial system. These two problems have become a vicious circle as both cause and effect.
The minimum wage is an important type of income for many people, but one of the main indicators for the financial system. This wage for social purposes should not be a tax issue. But in Turkey, this wage, which is determined by only taking into account the needs of the workers, contradicts the welfare concept of the social state. Applications such as minimum livelihood reductions to alleviate the tax burden in implementing minimum wage are not sufficient.

It is also difficult to say that the minimum wage is a fair practice when taxation principles are taken into consideration. Because in accordance with the "Justice Principle", the tax must be fair. The availability of taxable justice is, to a large extent, also dependent on the fact that the tax is proportional to the solvency. It will be a very comforting practice for these people to not be taxed on the minimum wage where the payment power is very weak. But with tax loss, such an application is avoided. At this point;

- Those earning less than one year's worth of the minimum wage must not be taxed. In this way, the contradiction to the principle of equality which may arise when the minimum wage is not taxed will be eliminated and those in similar conditions will not be taxed.
- It is also a recommendation that no stamp tax be levied on minimum wages. Thus, the tax burden will be reduced.

References


T. C. 1982 Constitution


Turan, N. (2012), Fee and Minimum Wage, Dokuz Eylül University, Izmir.

www.csgb.gov.t is


© Copyright of Journal of Current Researches on Social Science is the property of Strategic Research Academy and its content may not be copied or emailed to multiple sites or posted to a listserv without the copyright holder's express written permission. However, users may print, download, or email articles for individual use.