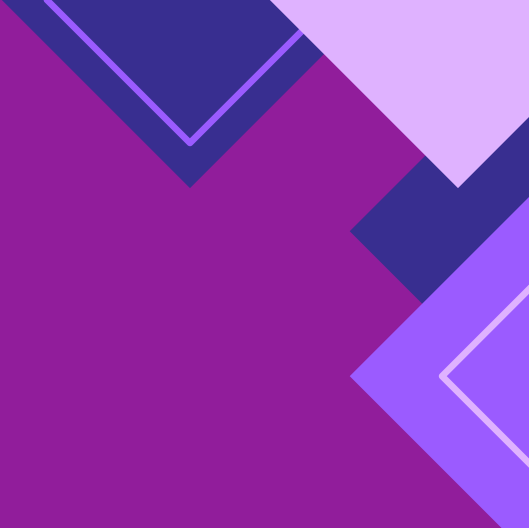
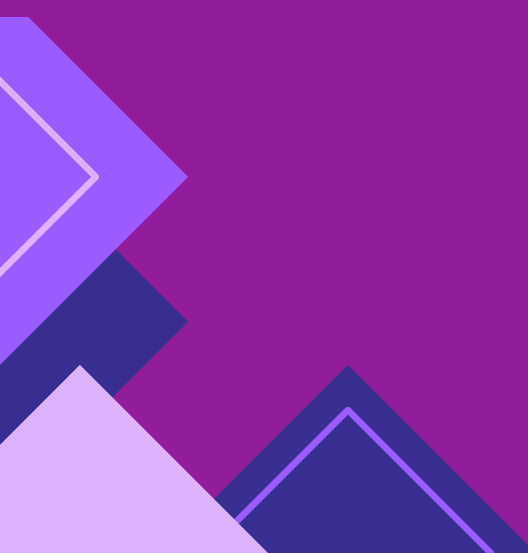


NEW REGULATION ON THE FREEDOM OF CHOICE OF LAW IN INTERNATIONAL EMPLOYMENT CONTRACTS

AMENDMENTS TO ARTICLE 27 OF THE IPPL AND THE IMPACT OF THE
CONSTITUTIONAL COURT'S DECISION



With the enactment of the Law numbered 7550 on the Enforcement of Sentences and Security Measures and Amending Certain Laws ("**Amendment Law**"), published in the Official Gazette dated 4 June 2025 and numbered 32920, significant amendments have been introduced to Article 27 of the International Private and Procedural Law ("**IPPL**"). The amendment redefines the limits of the parties' freedom to choose the applicable law in international employment contracts and establishes a more robust protection mechanism in favour of the employee.



The Former Regulation and Problems in Practice

Prior to the Amendment Law, under the former version of Article 27(1) of the IPPL, employment contracts were subject to the law chosen by the parties, provided that *“the minimum protection granted to the employee under the mandatory provisions of the law of the habitual workplace”* was preserved. However, in practice, it was often not possible to determine how the mandatory provisions of the law of the habitual workplace conflicted with those of the chosen foreign law. As a result, situations frequently arose where the law designated in the contract in effect subjected the employee to a lower level of protection. Additionally, under paragraph four of the same article, it was regulated that in the absence of a choice of law by the parties, the law more closely connected to the employment contract could be applied. Nevertheless, in cases where the parties had expressly made a choice of law, there was no provision allowing the application of the more closely connected law, thereby creating a significant legal gap in terms of the protective rules available to the employee.

Assessment of the Constitutional Court and Annulment Decision

In its decision dated 5 November 2024 and numbered 2023/158 M., 2024/187 D., the Constitutional Court ("**the Court**") determined that the provision set forth under the first paragraph of Article 27 of the IPPL leads to the employee being deprived of the higher level of protection that may be afforded by a legal system more closely connected to the employment contract in cases where a choice of law is made. The Court noted that the employee, being the weaker party to the contract, has limited bargaining power with respect to the choice of law against the employer, and that the employee is, in most cases, unable to foresee the content of the applicable foreign law. The Court further evaluated that such circumstances enable the employer to avoid more burdensome obligations and result in adverse consequences for the employee.

Accordingly, the Court concluded that the existing framework, which does not permit the application of the more closely connected law in employment contracts, fails to establish a reasonable balance in the employment relationship and is incompatible with the State's positive obligation to protect employees as guaranteed under Article 49 of the Constitution, and therefore annulled the relevant paragraph.

Content of the New Regulation Introduced by the Amendment Law

Pursuant to the annulment decision rendered by the Court, the new regulation introduced under the Amendment Law preserves the parties' freedom to choose the applicable law in employment contracts involving a foreign element. However, it is explicitly stipulated that such freedom shall not eliminate the minimum protection afforded to the employee under the mandatory provisions of the law of the habitual workplace. In other words, the law of the country designated in the employment contract shall, in principle, be valid and binding, provided that it is expressly stipulated in the agreement; nevertheless, the mandatory norms introduced by the law of the employee's habitual workplace in favour of the employee shall be applied in any case.

Furthermore, through the amendment made to the fourth paragraph of the article, it has been regulated that if, upon consideration of all circumstances of the case, a legal system more closely connected to the employment contract exists, such system may be applied instead of the legal systems referred to in the other paragraphs of the article, including the law chosen by the parties. Within this scope, excluding the mandatory provisions of the law of the place where the work is performed that must be applied at the time of performance, it has become possible to apply a legal system that is more closely connected to the contract.

Assessment

With the recent amendment, while the freedom of choice of law in international employment contracts is preserved, the risk of the employer using this mechanism to circumvent the employee's rights under the local legal system has been eliminated. The new regulation ensures that the minimum level of protection granted to the employee under the mandatory provisions of the law of the habitual workplace shall be safeguarded under all circumstances. In addition, by introducing the possibility of applying a legal system that is more closely connected to the contract and may offer a higher level of protection to the employee, the regulation reinforces the protection of the weaker party to the employment relationship and establishes a more equitable and balanced framework for international employment contracts. In this regard, the amendment provides a normative structure that is consistent with the State's constitutional obligations concerning the protection of employees.

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