



# EMPLOYMENT IN KUWAIT



Kuwait is situated in the northern edge of Eastern Arabia at the tip of the Persian Gulf. It has a population of 4.6m, of which 2.8m are foreign nationals from over 100 countries. In recent years, Kuwait has encouraged its citizens to join the private sector by offering incentives such as salary support benefits, and has passed Kuwaitisation laws requiring the hiring of stipulated percentages of Kuwait nationals across various job categories, with financial penalties for non-compliant employers. Kuwait's Labour Law is the main source of law governing employer-employee relations. The government body responsible for implementing and enforcing the Labour Law is the Ministry of Social Affairs and Labour (MSAL).



## WORKING TIME AND OVERTIME

The maximum permitted work week under Kuwaiti law is 48 hours (8 hours per day over 6 days). Most companies work 5-day weeks, with Friday and Saturdays off. Those working 6 days get Friday off. During Ramadan, the working hours are reduced to 6 per day. Employees are entitled to a one-hour break after working five straight hours, which is not included in the day's working hours. Overtime should not be more than 2 hours per day, 3 days per week, or 90 days per year, and must be paid at 1.25x regular salary. Fridays must be paid at 1.5x regular salary, plus a compensatory day off. National holidays must be paid at 2x regular salary.

## ANNUAL LEAVE

Employees are entitled to 14 days' annual leave after completing one whole year of service, and 21 days' annual leave every year after five years of continuous service. There are eight public holidays in Kuwait.

## TRIAL PERIOD

A probation period can be no longer than 100 days.

## RESIGNATION AND DISMISSAL

Termination requires three months' notice from either side for employees paid a monthly salary, or one month for all others. A contract can be terminated without notice or compensation in the event that the employee caused a significant monetary loss, committed fraud, or disclosed secrets that led to losses. Employees who are paid on monthly basis shall be entitled to 15 days' severance payment for each of the first five years of service and one month for each year thereafter. The total end of service benefit shall not exceed 18 months' remuneration.

## RESTRICTIVE COVENANTS

It is acceptable to have restrictive covenants contained in the Kuwaiti contract of employment, provided that the employee has become acquainted with the employer's clients or the secrets of the business and the covenants are reasonably drafted in relation to their duration, geographic scope and the nature of the business to be protected. Parties are permitted to include a liquidated damages clause in the contract as it is generally not possible to obtain an injunction in Kuwait; however, any such penalty should not be exorbitant. Non-compete clauses and customer non-solicit clauses typically last no longer than 12-24 months. Employee non-solicits are also permissible.



## CONTRACT OF EMPLOYMENT

Under Kuwaiti Labour Law, the employee needs to sign a written employment contract in Arabic and in a second language upon the request of an employee. In the case of a dispute, the Arabic version prevails over an employment contract in any other language. An employment contract can be for either a definite or indefinite term. A definite-term employment contract should not exceed five years and should not be for less than one year. After the initial fixed period, the contract can be renewed, or is deemed to be renewed if both the parties continue performance following the expiry date. An employee of a foreign employer who physically works in Kuwait typically signs two contracts: an employment contract with the foreign (or primary) employer; and an employment contract with the agent (or secondary) employer. The second, or local, contract is an essential part of the work permit application and for the purposes of Kuwait law, the local employment contract is the official contract that is registered by the agent with the MSAL. Although the first employment contract outlined here is optional, it is widely used by foreign employers to provide the full foreign employment structure and benefits to employees, while at the same time complying with the Labour Law.

## MATERNITY AND PATERNITY

Expectant mothers in Kuwait are entitled to 70 days' paid maternity leave, and up to four additional months' unpaid leave. There are no provisions in Kuwaiti law regarding paternity leave.

## SICKNESS AND DISABILITY LEAVE

Employees in Kuwait are entitled to sick leave, provided they can produce a satisfactory medical report. The allowance is as follows:

First six days of illness: 100% salary  
Next six days of illness: 75% salary  
Next six days of illness: 50% salary  
Next six days of illness: 25% salary

This is the total annual entitlement and not per period of sickness.

## SOCIAL SECURITY

The employer is required to contribute as follows: Pension and Disability: 11% Unemployment: 0.5%

## HEALTHCARE AND INSURANCE

Kuwait has a state-funded health system that is 'free at the point of entry' for Kuwaiti nationals. Non-citizens who are resident in Kuwait are entitled to a health insurance card for which they pay an annual fee. It is mandatory for expat workers in Kuwait to have health insurance of some description. Foreign citizens will not be permitted an entry visa for the country without health insurance, usually private. Though it is not mandatory for this to be provided by the employer, it is advisable and will create a more attractive work prospect for your foreign employee.



# EMPLOYMENT OF FOREIGN NATIONALS



Generally speaking, foreign nationals are not permitted to reside or work in Kuwait without an employment visa (except for dependants whose residency is sponsored by a spouse or parent) and a labour card, which is generally referred to as a Civil ID or Iqama. Employment visas can only be obtained by a Kuwaiti employer. There is no system in Kuwait that allows an individual to obtain an employment visa from a foreign employer by themselves. An employer is not permitted to hire expatriate staff without registration at, and authorisation from, MSAL. In addition, an employer in Kuwait may not hire a foreigner who is not under that employer's sponsorship. These requirements that tie an expatriate's residency status to his or her employment status are fundamental to the control of the labour force in Kuwait.





# SALARY TAXES

## MINIMUM WAGE

There is no minimum wage in Kuwait.

## INCOME TAX

There is no personal income tax in Kuwait.

## SALARY PAYMENTS

Salary payments should be made monthly.

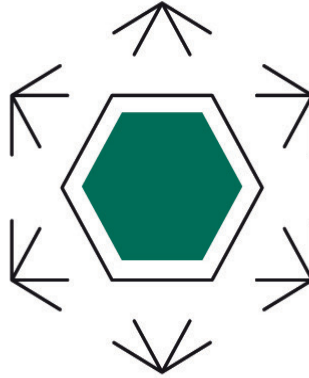
## SOCIAL SECURITY CONTRIBUTION

The employee contributes 10% of their salary to a Pension & Disability fund, in addition to the employer contribution of 11%.

## SOCIAL CONTRIBUTION RATES

The employee contributes 0.5% of their salary to an Unemployment fund, in addition to the employer contribution of 0.5%.





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