



# EMPLOYMENT IN SAUDI ARABIA



The Kingdom of Saudi Arabia (KSA or Saudi Arabia) is situated on the Arabian Peninsula in Western Asia and has a population of 34.81m. A land area of approx. 2,150,000 square kilometres makes it the fifth-largest country in Asia, the second-largest in the Arab world, and the largest in Western Asia. The principal item of legislation governing employment relationships, plus resolutions on specific issues communicated by the Ministry of Human Resource and Social Development. Around 80% of the private sector workforce in KSA is currently made up of foreign nationals. In order to increase the proportion of

Saudi nationals in the workforce, the Government pursues a policy of 'Saudisation', penalising employers that do not meet targets for the employment of local staff. There is positive discrimination in employment in favour of Saudi nationals, who also receive preferential legal treatment in various areas.



## WORKING TIME AND OVERTIME

The typical working week in KSA is 48 hours (eight hours per day, six days per week). The working day may decrease to six hours per day during Ramadan. Fridays are usually considered a rest day. All work exceeding the standard weekly working hours must be paid at an overtime compensation rate, which is typically 150% of the employee's average salary rate. Daily working time cannot exceed 11 hours.

## ANNUAL LEAVE

The annual leave entitlement in KSA is dependent on the employee's length of service, as follows:  
1-5 years' service: 21 days of annual leave  
5+ years' service: 30 days of annual leave  
Employees may carry over any untaken leave with the employer's written consent. Employees may request ten additional days of unpaid leave per year, subject to the employer's approval. There are 3 public holidays in KSA.

## TRIAL PERIOD

The typical probation period in KSA is 90 days. This may be extended, subject to the employee's written consent, but cannot exceed 180 days. One day's notice is required to terminate the employment relationship during the probation period.

## RESIGNATION AND DISMISSAL

The termination process is based on the type of contract and reason for termination. The employer must give a valid reason for the dismissal of an employee. If an employer cannot provide lawful reasoning, compensation may be issued. If an employee resigns, the employer must issue their final salary immediately.

The mandatory notice period is 30 days for employees on a fixed term contract and 60 days for employees on an indefinite contract. Employees are entitled to the following end of service benefits in the event of termination by the employer.

- 50% of salary for each year served for the first 5 years.
- 100% of salary for each year served for the first 5 years.

Employees who resign are entitled to the following end of service benefits:

- Under 2 years' service: no payment
- 2-5 years' service: one third of accrual
- 5-10 years' service: two thirds of accrual
- 10+ years' service: full accrual



## RESTRICTIVE COVENANTS

Restraints that protect the employer's legitimate business interests may be enforced if reasonable. Non-compete clauses are honoured as long as they are in writing and clearly specify place, duration (no longer than two years), and type of work. If there is no written agreement, or an express non-compete clause is not included in an employment contract, the law will not impose any restrictions. Confidentiality clauses must also be in writing and clearly specify place, type of work, and duration, although there is no specific time limit on these restrictions. If an ex-employee breaches a non-compete or confidentiality clause, the former employer may sue them within one year after discovering the breach. Customer non-solicit clauses are permissible in narrow circumstances and employee non-solicit clauses are acceptable.

## CONTRACT OF EMPLOYMENT

The Ministry of Human Resource and Social Development has drawn up a standard employment contract that complies with the Labour Law. In addition to the core terms in this standard employment contract, the employer and the employee may agree to add any other terms and conditions as long as they do not conflict with the Labour Law. Any provision in an employment contract that contradicts the provisions of the Labour Law is deemed null and void. Employment contracts must be in Arabic (as must all employment-related records and files, and instructions issued by employers to workers). If another language is used alongside Arabic, the Arabic text prevails. Employers are required to upload all employment contracts to an online portal run by the General Organisation for Social Insurance (GOSI) for authentication..

## MATERNITY AND PATERNITY

Expectant mothers are entitled to 10 weeks' paid maternity leave commencing four weeks before their due date. The payment of maternity leave is dependent on the employee's length of service, as follows:

- 1-3 years' service: 50% of employees' normal salary rate
- 3+ years' service: 100% of employee's normal salary rate

Employees receiving the full maternity leave entitlement may not also take the payment of annual leave in the same year. In contrast, an employee receiving 50% of their salary as a maternity benefit may also take an annual leave entitlement of 50% in the same year.

Fathers are entitled to 3 days' paid paternity leave for the birth of a child.

## SICKNESS AND DISABILITY LEAVE

Social security in India is governed by the Employees' Provident Funds and Miscellaneous Provisions. Employees are entitled to 365 days of sick leave (1 year). The first 20 days of sick leave are paid by the employer. After the first 20 days the sick pay is then paid by social security. After one year, if the employee is not fit to return to work, they can apply for a disability pension. To qualify for the social security fund sick payments, an employee must have at least 3 months continuous service.

## HEALTHCARE AND INSURANCE

Sponsor employers must provide foreign employees with medical insurance. Healthcare in KSA is currently provided free of charge to all Saudi citizens and expats working in the public sector.



# EMPLOYMENT OF FOREIGN NATIONALS



A foreign national wishing to acquire a work visa in KSA must be sponsored by an employer. The employer must be registered with the Ministry of Interior, where a file will be opened with all the information on the employer's foreign employees. Saudi Arabia's quota system and nationalisation program can make the process of employing a foreign national relatively complex and restrictive. Applicable procedures involve a home-country consular process, followed by several post-arrival steps before final residency rights are granted. This does not apply to citizens from Bahrain, UAE, Kuwait and Oman, who may enter KSA with their ID.



# SALARY TAXES

## MINIMUM WAGE

The national minimum wage in KSA is 4,000 SAR per month.

## INCOME TAX

No personal income tax is payable in KSA.

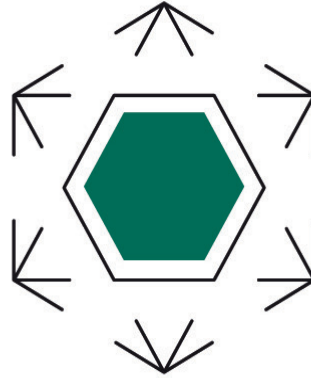
## SALARY PAYMENTS

The payroll frequency is weekly or monthly. The employer must make the payment for weekly employees once a week and monthly employees, at least once a month.

## SOCIAL SECURITY CONTRIBUTION

Non-Saudi employees are required to contribute 10% Social Insurance Tax to cover occupational hazard, in addition to an employer contribution of 1.5%.





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