



# Saudi Arabia's Labour Law & Employment Regulations

**Presenter:** Summer Lin, Country Manager  
Abdullah O Jokhdar, HR Service Delivery Senior Manager

**Organiser:** **BIPO** | Make Life Easier.

# Speakers



## Summer LIN

Country Manager, BIPO Saudi Arabia

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- With 15+ years of experience as a cross-border HR consultant in client advisory, talent delivery, and market localisation across China, ASEAN, and the Middle East.
- Now based in Riyadh, playing a role in helping Chinese and APAC enterprises succeed in the Saudi market by bridging cultural gaps and aligning operations with regulatory norms.

### Understanding HR Challenges in Saudi Arabia

- Through ongoing practice and accumulated experience in the local market, support overseas businesses in overcoming these challenges by sharing insights, offering practical advice, and helping bridge the gap between global expectations and local compliance.

# Speakers



## Abdullah Osama Jokhdar

HR Senior Manager Service Delivery, BIPO Saudi Arabia

- With 13+ years of hands-on HR leadership experience in the Saudi market, specialising in payroll, HR operations, and employee lifecycle management across the banking and service sectors.
- Currently based in Riyadh and serving as HR Senior Manager at BIPO KSA, leading service delivery and supporting global clients in navigating Saudi labor compliance and operational execution.

### Navigating HR Operations in Saudi Arabia

- Managing human capital in the Kingdom involves complex and fast-evolving regulations — from Saudisation mandates and wage protection, to real-time integrations with platforms like Qiwa, GOSI, and Mudad.
- With years of operational leadership at Saudi National Bank and now at BIPO, I offer extensive local insight and execution experience to help international partners stay compliant, efficient, and aligned with government expectations.
- Bridging the gap between global HR standards and local regulatory frameworks — enabling smoother onboarding, payroll, and workforce management for foreign companies entering or expanding in Saudi Arabia.



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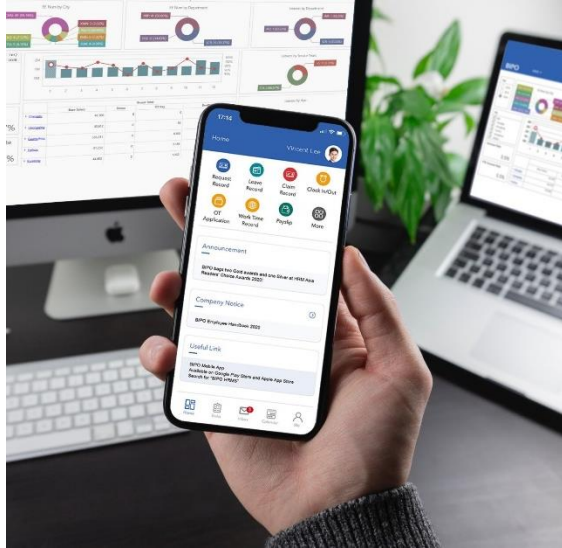
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- 12. Q&A**

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# BIPO's One-stop Solution

# Total HR Solutions for your Global Workforce



**10+**  
Years of  
experience

**650,000**  
Users  
globally

**170+**  
Countries  
covered for EOR

Payment in  
**180**  
Currencies

**900+**  
Employees  
worldwide

**50+**  
International  
offices

**24**  
Payroll engines  
across countries

More than  
**4,600**  
Clients

## Leader in Asia

- Based in **Asia**, with **global reach**
- Helping global companies. expand **into and out of Asia**
- Core USP: 24 specialist **payroll engines** in Asia.

## Recognised by Peers



# Awards & Accolades



## Grand Prize

- HR Vendor of the Year - **Hong Kong**

## Gold

- Best Payroll Software - **Hong Kong & Singapore**
- Best Payroll Outsourcing Partner - **Hong Kong & Singapore**
- Best HRMS (Enterprise & SMB) - **Malaysia**



## Digitech Awards – Indonesia

- The Best IT Human Capital Development
- The Best Digital Technology Development Team



## Centuro INT-X Awards – UK

- Most Inspirational Global Expansion 2023



## HKIHRM HR Excellence Awards 2023/24 – Hong Kong

- Payroll Provider Award (Excellent)



## Barcelona New Economy Week (BNEW)

- Talent Vertical - Best Startup Award 2024

# Security & Compliance

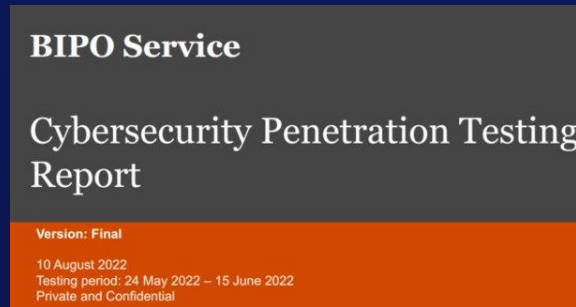
## Audit




Attested by:   
**pwc**

- SOC 1 – Type 2
- SOC 2 – Type 2

## Penetration Test



Performed by:   
**pwc**



*The OWASP Top 10 is a regularly-updated report outlining security concerns for web application security, focusing on the 10 most critical risks.*

## Certification



**ISO-27001**  
Information Security  
Management System Certification





# Introduction to Saudi Arabia

# The New Saudi Arabia: A New Engine for Growth

## Vision 2030

+2.7%

GDP Growth

50%

Non-Oil Economy

36M

Population

<30

Median Age

58%

Foreign Workers

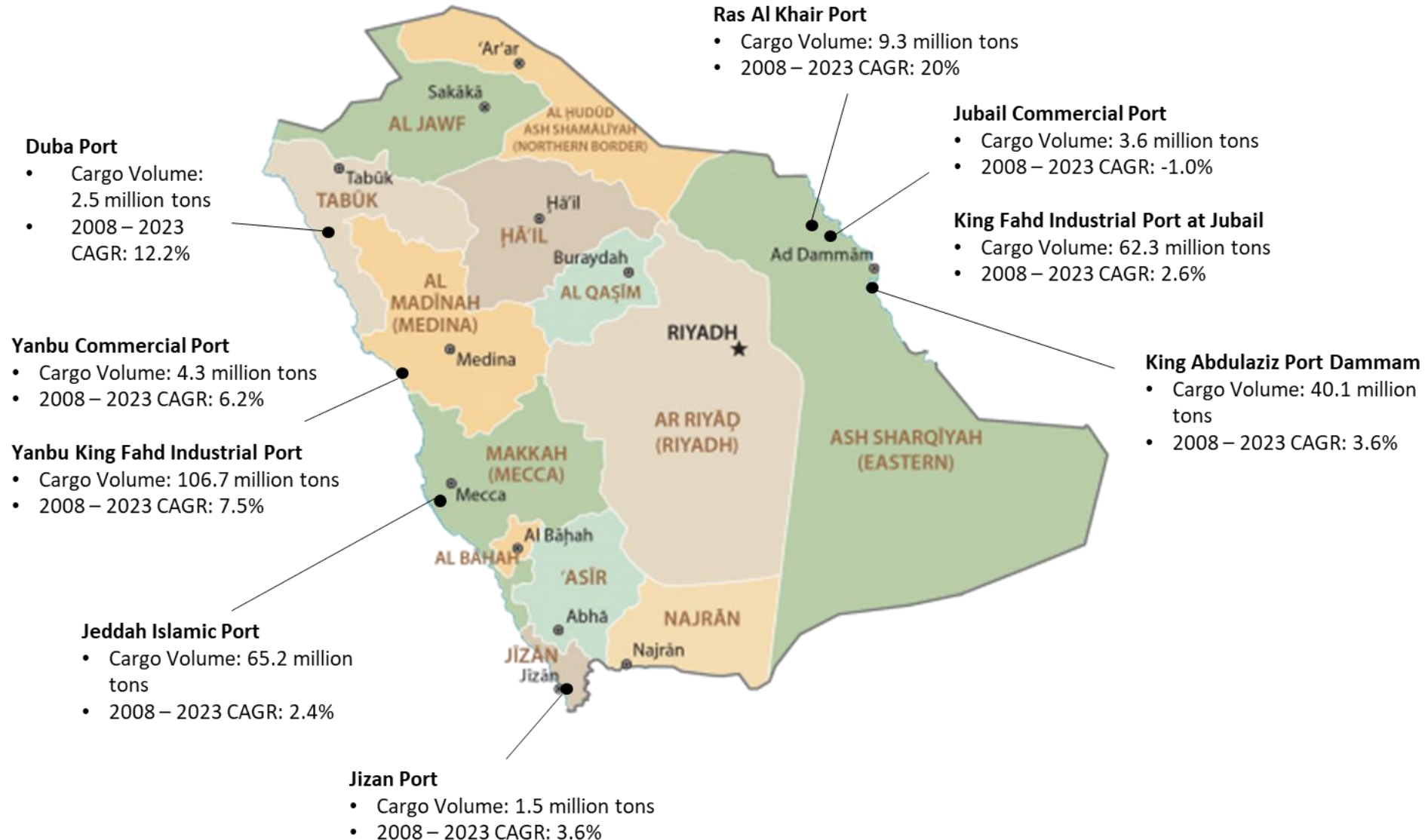
35%

Female Labour Force

## Snapshot

- **Vision 2030** is driving Saudi Arabia's shift from a hydrocarbon-dependent economy to a more diversified, innovation-led growth model. **Foreign investment** is rising, supported by greater market openness, 100% foreign ownership in key sectors, and the upcoming **2025 Investment Law** to strengthen investor protection and transparency.
- **GDP Growth:** In **Q1 2025**, Saudi Arabia's real GDP grew by **2.7% year-on-year**, driven by a **4.2% expansion in non-oil activities** and **3.2% growth in government sectors**, despite a **1.4% decline in oil activities**. The **non-oil economy now contributes approximately 50% of real GDP**, marking a historic milestone in the country's economic diversification journey.
- **Dynamic Population:** Population exceeds **36 million**, with a median age of under **30** – making it one of the youngest and most dynamic labor markets in the region. **Labor market modernization** is underway through **Saudization policies**, **digital HR platforms** (Qiwa, GOSI, Mudad), and **increasing female labor force participation**.
- **Workforce Trend:** Foreign workers make up approximately **58%** of Saudi Arabia's employed population, highlighting continued reliance on expatriate labor — particularly in the private sector. Meanwhile, **female labor force participation** has reached **around 35%**, reflecting the country's growing commitment to gender inclusion and workforce diversity under Vision 2030.

# Saudi Arabia Economic Map 2025



# Saudi Arabia Economic Map 2025

## NEOM

- Investment Amount: 500 billion USD
- Signed Amount: 237 billion USD
- Total Area: 26,500 sq km
- Planned Completion Time: 2030

## Red Sea Global

- Investment Amount: 23.6 billion USD
- Signed Amount: 21 billion USD
- Total Area: 28,000 sq km
- Planned Completion Time: 2030-2035

## ROSHN

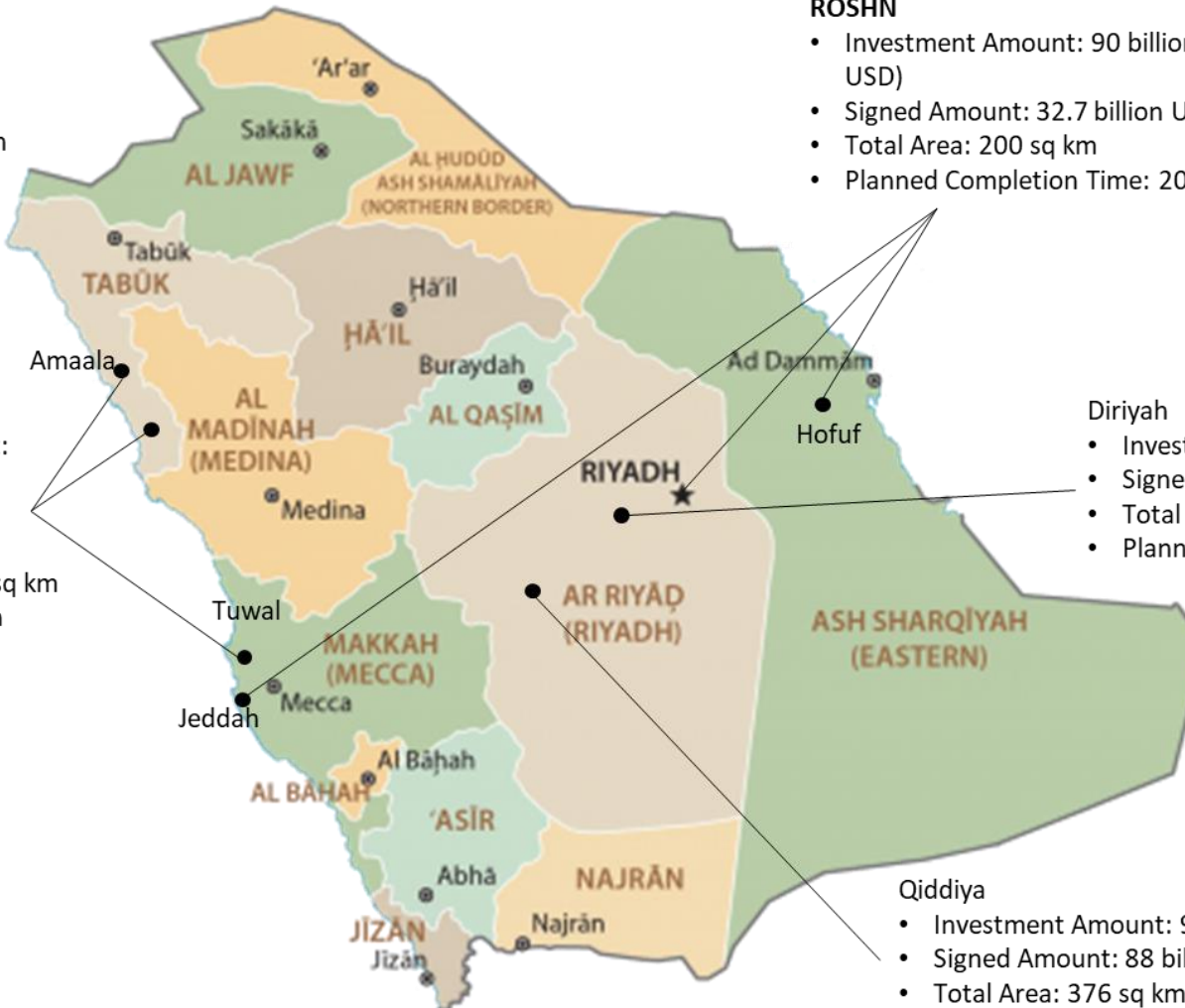
- Investment Amount: 90 billion USD)
- Signed Amount: 32.7 billion USD
- Total Area: 200 sq km
- Planned Completion Time: 2026

## Diriyah

- Investment Amount: 620 billion USD
- Signed Amount: 370 billion USD
- Total Area: 14 sq km
- Planned Completion Time: 2027

## Qiddiya

- Investment Amount: 98 billion USD
- Signed Amount: 88 billion USD
- Total Area: 376 sq km
- Planned Completion Time: 2030





# Types of Employment Contracts

# Types of Employment Contracts

Contract Type	Definition & Duration	Common Use Cases	Legal Framework	GOSI Required	Termination Rules	Typical Industries / Workers
<b>Fix-Term Contract</b>	Contract with specific start and end dates. Converts to open-ended if renewed 3 times or over 4 years (locals).	Project-based or time-bound roles	Saudi Labor Law	Yes	Ends automatically unless renewed; early termination may require valid reason or compensation	Construction, manufacturing, project roles
<b>Open-Ended (Indefinite) Contract</b>	No defined end date. Long-term employment relationship.	Permanent, full-time roles	Saudi Labor Law	Yes	Termination requires valid justification; otherwise, compensation is due	Administrative, local hires, permanent staff
<b>Part-Time Contract</b>	Fewer than 30 hours per week. Salary is pro-rated.	Retail, education, service support roles	Saudi Labor Law	Usually	Termination terms as agreed in contract	Students, part-time workers, flexible staff
<b>Temporary / Seasonal Work Contract</b>	For limited durations (e.g., Hajj season, short-term projects).	Seasonal demands, temporary projects	Saudi Labor Law	Yes	Ends at contract expiration; early termination rare or not applicable	Students, part-time workers, flexible staff
<b>Freelance / Consultant Agreement</b>	Not considered employment; governed by commercial contract. No labor entitlements.	Independent consultants, service providers	Saudi Commercial Law	No	As per contract; no end-of-service benefits or dismissal protection	IT experts, advisors, outsourced professionals



# **Probationary Period Rules – Saudi Labor Law**



# Probationary Period Rules – Saudi Labor Law

01

## Maximum Duration

The probation period must not exceed 180 days (6 months).

02

## Termination During Probation

- Either party may terminate the contract during the probation period without notice and without end-of-service benefits, unless the contract states otherwise.
- Termination must not be due to discrimination or unlawful reasons.

03

## Re-hiring and Repeat Probation

- If an employee returns to the same employer for a different job or role, a new probation period is allowed but must be clearly stated in writing.
- The same role cannot be subject to multiple probation periods unless at least 6 months have passed since the end of the previous contract.

04

## Benefits During Probation

- The employee is entitled to salary and statutory rights (e.g. working hours, rest breaks, overtime pay).
- No end-of-service benefits are payable if the employee leaves or is terminated during probation.

05

## Written Agreement Requirement

- The probation terms must be stated explicitly in the employment contract.
- If not mentioned, the period cannot be applied or enforced.





# **Leave Entitlements & Public Holidays**

# Leave Entitlements & Public Holidays

Leave Type	Duration & Entitlement	Conditions / Notes
<b>Annual Leave</b>	<ul style="list-style-type: none"><li>• 21 days/year</li><li>• 30 days after 5 years of service</li></ul>	<ul style="list-style-type: none"><li>• Paid (basic salary + allowances)</li><li>• Must be used within the year or approved for carry-over</li></ul>
<b>Sick Leave</b>	Up to 120 days total: <ul style="list-style-type: none"><li>• 30 days full pay</li><li>• 60 days at 75% pay</li><li>• 30 days unpaid</li></ul>	<ul style="list-style-type: none"><li>• Requires medical certificate</li><li>• Can be taken intermittently</li></ul>
<b>Maternity Leave</b>	12 weeks (6 weeks before + 6 weeks after birth)	<ul style="list-style-type: none"><li>• If service <math>\geq</math> 1 year: full pay</li><li>• If service <math>&lt;</math> 1 year: 50% pay</li><li>• Cannot be terminated during leave</li></ul>
<b>Paternity Leave</b>	3 days	After the birth of a child
<b>Marriage Leave</b>	5 days	Marriage certificate may be required
<b>Special Leave</b>	5 days	For death of spouse or direct family member
<b>Hajj Leave</b>	15 days (once during employment)	<ul style="list-style-type: none"><li>• Must have <math>\geq</math>2 years of service</li><li>• Must be coordinated with employer</li></ul>
<b>Public Holidays</b>	<ul style="list-style-type: none"><li>• Eid Al-Fitr</li><li>• Eid Al-Adha</li><li>• Saudi National Day (Sep 23)</li><li>• Flag Day (Mar 11)</li><li>• Founding Day (Feb 22)</li></ul>	<ul style="list-style-type: none"><li>• Official paid holidays</li><li>• If required to work on an official holiday, they must receive compensatory time-off, not just additional pay</li><li>• Under <b>Article 24</b>: If a holiday overlaps with a weekend, compensation applies by shifting leave to a working day.</li></ul>



# **Saudi Statutory Insurance**

# Saudi Statutory Insurance

Item / Content	GOSI Social Insurance (2024 Reform)	Medical Insurance (Cooperative Health Insurance)
Governing Authority	GOSI (General Organization for Social Insurance)	CHI (Council of Health Insurance)
Legal Basis	Social Insurance Law – Royal Decree M/22 (1969), amended in 2024 with phased changes effective from July 2024	Cooperative Health Insurance Law (2005), latest implementation rules issued by CHI
Covered Population	<ul style="list-style-type: none"><li>Saudi employees: pension + occupational injury + unemployment</li><li>Non-Saudi employees: occupational injury only</li></ul>	<ul style="list-style-type: none"><li>All private sector employees (Saudi &amp; non-Saudi)</li><li>Saudi &amp; Non-Saudi dependents (spouse &amp; children)</li></ul>
Mandatory?	Yes	Yes
Contribution Responsibility	<ul style="list-style-type: none"><li>Saudis: Employer + employee</li><li>Non-Saudis: Employer pays 2% occupational hazard insurance only</li></ul>	Fully paid by employer
Wage Base Calculation	Basic salary + housing allowance Minimum: SAR 4,000 Maximum: SAR 45,000	Determined by policy; usually based on job grade or total compensation
Key Benefits	<ul style="list-style-type: none"><li>Retirement pension (for Saudi)</li><li>Occupational injury/disability compensation (Saudi &amp; Non-Saudi)</li><li>Unemployment insurance (for Saudis)</li><li>Paid maternity allowance (Saudi &amp; Non-Saudi, Paid GOSI ≥1 year)</li></ul>	<ul style="list-style-type: none"><li>Outpatient &amp; emergency care</li><li>Hospitalisation &amp; maternity</li><li>Vaccines, prescriptions, etc.</li></ul>
Penalties for Non-Compliance	<ul style="list-style-type: none"><li>Rejected wage submissions</li><li>GOSI account lockout</li><li>Fines, back payments, hiring/payroll restrictions</li></ul>	<ul style="list-style-type: none"><li>Cannot renew Iqama/work permit</li><li>Minimum SAR 10,000 fine per person, labor service suspension</li></ul>



# **Payroll Method & Wage Protection System (WPS) – Saudi Arabia**

# Payroll Method & Wage Protection System (WPS)

## Wage Protection System (WPS)

- Mandatory system by MHRSD to monitor and ensure timely and full salary payment.
- Applies to all private sector employers.
- Employers must upload payroll data to the Mudad platform, linked to employee bank accounts.
- Tracks: salary amounts, payment dates, discrepancies, delays.

## Payroll Documentation

- Monthly pay slips must be provided to employees (soft or hard copy).
- Must reflect:
  - Gross & net pay
  - All deductions and allowances
  - Number of worked days / hours

## Penalties for Non-Compliance

- Delays or inconsistencies in WPS submission can lead to:
  - Suspension of new work visas
  - Suspension of services on Qiwa and GOSI
  - Fines or establishment downgrade in Nitaqat

## Payroll Requirements

- Currency: Salaries must be paid in Saudi Riyals (SAR).
- Payment frequency: At least once a month.
- Payment method: Through bank transfer to a local Saudi bank account in the employee's name.
- Payroll must include:
  - Basic salary
  - Allowances (housing, transportation, etc.)
  - Deductions (GOSI, absences, penalties)

## Mudad Platform

- Official MHRSD platform used to submit WPS-compliant payroll files.
- Helps track employer compliance and avoid fines.
- Automatically flags salary delays, underpayments, or incorrect reporting.



# **Contract Termination – Saudi Arabia**

# Contract Termination

Termination Scenario	Notice Period	EOSB Eligibility	Legal Risk
✓ Mutual Agreement	As agreed	EOSB if service >2 years	No legal risk
✓ End of Fixed-Term	No notice (if not renewed)	EOSB if >2 years <b>Condition:</b> must not renew	No risk → <b>Art. 74</b>
✓ Resignation (By Employee)	60 days / 30 days	EOSB prorated <b>Condition:</b> employee must serve notice	If no notice → liable <b>Art. 85</b>
✓ Termination with Cause (By Employer)	No notice	✗ No EOSB <b>Condition:</b> valid cause + documentation	No risk if justified <b>Art. 80</b>
⚠ Termination without Cause (By Employer)	60 or 30 days or pay in lieu	✓ Full EOSB <b>Condition:</b> valid reason required	High legal risk → <b>Art. 77</b>
⚠ Resignation without Notice (By Employee)	No notice (if employer breached)	✓ Full EOSB <b>Condition:</b> breach by employer	No risk → <b>Art. 81</b>





# End of Service Benefits (EOSB)

# End of Service Benefits (EOSB)

01

If Employee Resigns  
(Article 85)

Service Period	EOSB Eligibility
Less than 2 years	No EOSB
2 – less than 5 years	1/3 of full EOSB
5 – less than 10 years	2/3 of full EOSB
10+ years	Full EOSB

02

If Employer Terminates  
the Contract (Article 84)

The employee is entitled to **full EOSB** unless dismissed under Article 80.

**EOSB Calculation Formula:**

- **½ month salary** for each of the first
- **5 years**
- **1 month salary** for each **additional year**

03

Termination under  
Article 80

**No EOSB** is due if employee is dismissed for **serious misconduct**, such as:

- Fraud
- Assault
- Repeated absence without reason
- Breach of confidentiality, etc.

Requires **clear evidence and documentation**.

04

Special Cases (Still  
Entitled to Full EOSB)

**Force majeure** or company violation.

**Women resigning within 6 months** of:

- Marriage
- Childbirth

05

Payment Timeline  
(Article 88)

EOSB must be **paid within 1 week** from the termination date.

Can be paid in **lump sum** or **per company policy** if agreed in writing.



# **Employer's Obligations – Saudi Arabia**

# Employer's Obligations



## Employment Contracts

Provide written, Arabic contracts with job details, salary, benefits, and probation.



## Wages & Payroll

Pay via WPS monthly, provide payslips, maintain payroll records.



## Workplace Safety & Health

Ensure safe conditions, training, and report work injuries.



## Working Hours

Max 8 hrs/day or 48 hrs/week; overtime paid at 150%; 1 rest day/week.



## Leave & Holidays

Grant all statutory leave and accurately record usage.



## End of Service Benefits (EOSB)

Calculate and pay EOSB within one week of termination.



## GOSI Registration

Register employees, deduct, and pay contributions.



## Saudization & Reporting

Meet Nitaqat quotas and update Qiwa, GOSI, Mudad.



## Dispute Resolution

Handle disputes or refer to Labor Dispute Committee.



## Health Insurance

Provide mandatory insurance and link to Iqama via CHI.

1 1

## **Disciplinary Actions – Saudi Arabia**

# Disciplinary Actions

## Legal Basis

- Governed by Article 66 of the Saudi Labor Law.
- Employers have the right to impose disciplinary penalties, provided they are listed in the internal regulations and proportionate to the violation.

## Permissible Disciplinary Actions

According to the law, the following actions are allowed:

- Warning (verbal or written)
- Fines
- Withholding or postponing bonuses
- Postponing promotion (for no more than one year)
- Suspension without pay (up to 5 days per month)
- Termination (only for serious violations and per Article 80)

## Record keeping

- Employers must keep a record of all disciplinary actions taken.
- Actions must be proportionate, justified, and legally compliant.

# Disciplinary Actions

## Serious Misconduct (Article 80)

Termination without end-of-service benefits is possible if:

- Employee assaults employer or colleague
- Commits theft, dishonesty, or forgery
- Absents without valid reason for 30 days/year or 15 consecutive days
- Discloses company secrets
- Commits gross negligence or violation of safety

## Disciplinary Procedure

- Employee must be informed of the alleged violation.
- Employee has the right to respond and defend themselves.
- Disciplinary penalties must be:
  - Imposed within 30 days of the employer discovering the violation.
  - Based on proper documentation (e.g. warnings, investigations).
- Penalties must not be duplicated for the same offense.

# BIPO Resource Hub

Webinar Series  
UK Labour Law

Common Employee Benefits in the UK

UK Employee Benefits

Auto-enrolment / Workplace Pension

Performance-based bonus

Life Insurance

Shared control

Enhanced Annual Leave

Paid Sick leave

Car / mobile / broadband Allowance

Employee share

BIPO

Webinar Series  
Updates in Thailand's Labour Law

Statutory Contribution

**Social Security (submission: monthly)**

Base salary (Actual with max/cap 15,000 THB) 5% from both EE/ER (Minimum calculate base at 1,650 THB)

	EE <sup>1</sup>	ER <sup>2</sup>
12,000 (5%)	600	600
15,000 (5%)	750	750
1,650 (minimum calculate base)	83	83

Submission method (Monthly)

Manual submission before 7<sup>th</sup> of next month

Online submission before 14<sup>th</sup> of next month (company need to have online credential)

**Workmen Compensation (submission: yearly)**

Base salary (Actual with max/cap 20,000 THB)

	Minimum Risk	Maximum Risk
15,000	0.1	1%
20,000	>15000*1% (15/month)	>15000*1% (150/month)
	>20000*1% (20/month)	>20000*1% (200/month)

Submission method (yearly, pro-rate)

Due Date (1<sup>st</sup> submission 31<sup>st</sup> Jan)

Second submission (after Workmen office revise the amount, 28<sup>th</sup> Feb)

BIPO

Ask Our Experts Series  
Payroll Compliance in Kenya

Minimum wage of Kenya compared to other East African Countries

Minimum salary wage in Kenya is 15120 KES/Month (101.505 USD/Month).

Employer's who are in other sectors not provided for in the sectoral minimum wage board should pay their employees a minimum monthly wage of TZS 150,000 (approx. USD 60 ).

As of 2024, the government proposed a bill that the minimum wage in Uganda was set at: 130,000 Ugandan Shillings per month for most sectors. This equates to approximately \$33 USD per month. The same is yet to be approved for implementation.

Rwanda introduced a minimum wage in 2013. As of 2021, the minimum wage in Rwanda was set at 3000 Rwandan Francs per day for non-agricultural workers, which is approximately \$1.84 USD per day.

BIPO

## BIPO TIMES

January 2025 Issue

The Netherlands' Labour Law & Employment Regulations

October 2024 Issue

UK's Labour Law and Employment Regulations

September 2024 Issue

Updates on Japan's Labour Law and Employment Regulations

June 2024 Issue

Updates on Thailand's Labour Law



# Upcoming Webinars



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# THANKS



Fill in the form to receive the webinar deck!  
<https://bit.ly/bipowebinar-feedback>



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