

Kingdom of Saudi Arabia

This factsheet provides a review of existing laws and regulations pertaining to employment of migrant workers in the Kingdom of Saudi Arabia (KSA) and has been written by the International Labour Organization Regional Fair Migration in the Middle East Project with support from DLA Piper. It was developed to increase accessibility to country-specific laws for a wide variety of stakeholders. Building Responsibly does not endorse this factsheet as best practice, and it should not be used as a substitute for legal or labor counsel. Instead, it is intended to be a practical reference point and a tool to support the work of Building Responsibly as it seeks to raise standards and employ best practices on worker welfare issues worldwide. For more information, please see the [Building Responsibly Principles](#).

This summary is based on the Labor and Workmen's Law approved by Royal Decree M/51, 2005 (referred to hereafter as the 'Labor Law') and Implementing Regulations,¹ supplemented by various ministerial resolutions and decrees. This summary does not cover specific provisions relating to employment of minors and provides only limited information on the specific requirements around the employment of Saudi or Gulf Cooperation Council (GCC).



1. RECRUITMENT AND WORK PERMITS

1.1 Are workers allowed to pay recruitment fees?

No. Employers must pay all fees associated with work and residency authorizations. Such costs include the costs of recruitment, fees for issuance and renewal of the worker's residency and work permits, any delay fines, professional title changes, exit and re-entry visa fees as well as repatriation tickets on termination of employment.²

1.2 How are recruitment agencies regulated?

All recruitment agencies must be licensed under the Ministry of Labor and Social Development (MOLSD). The recruitment office may either facilitate recruitment on behalf of the employer or may also contract with workers to offer employment to those who cannot recruit their own workers, but in the case of the latter, the agency would be responsible for paying the workers' wages and guaranteeing their rights.³

1.3 Is there a requirement for written contracts?

Yes.⁴ The labor contract must be in writing (in Arabic) and in duplicate, one copy to be retained by each of the two parties.⁵ The contract may include, among other things, a probation period of 90 days (however, at the end of the initial 90-day probation period, the probation period may be extended by an additional 90 days as long as it involves another profession or work, meaning a total of 180 days maximum).⁶

1.4 Is there a requirement for the written contract to be in a language that the worker understands?

No. The contract is required to be in Arabic. The contract may be translated into an additional language, but in the event of a dispute, the Arabic text shall prevail.⁷

1.5 Is it legal for an employer to keep a workers' passport?

No. An employer can be fined SAR 2,000 per worker for keeping a worker's passport without his or her consent.⁸ According to the MOLSD, if a worker wishes the employer to keep his passport, he must sign a written statement in both Arabic and his native language stating that the employer has received his passport and stating the date of receipt.

1.6 What are the procedures for obtaining the work permit?

All foreign workers must have a work permit and must possess the professional skills and academic qualifications that the country needs or alternatively be qualified as regular labor needed by the country.⁹ The employer will likely be asked to show a commitment to "Saudization" proving that there are no Saudi citizens available to fill the position by posting the job availability on the Taqat portal. The employer then lodges a work visa application with the MOLSD. After the application is approved, a work visa is issued by the relevant Saudi embassy. On arrival, an application must be filed with the MOLSD for the Iqama or residency permit (to be forwarded to the Ministry of Interior).

Since 2018, work permit renewal requires a Ministry of Housing-approved tenancy/rental agreement. This rule is currently implemented only for engineers but will soon cover a number of other occupations. Approval is granted via the official [Ejar](#) e-platform. The MOLSD and the Ministry of Housing intend to extend this requirement to the issuing of initial work permit applications in the near future.

1.7 What is Saudization, and what are the requirements for companies?

Pursuant to the Nitaqat programme implemented by the MOLSD, employers are classified based on the percentage of Saudi nationals that they employ. Establishments will be categorized as premium, green, yellow, or red. In general, an employer in a higher category benefits from greater flexibility in recruiting and managing expatriate workers, while one in a lower category is subject to high penalties. Employers are required to train their Saudi national workers in order to enhance their technical, administrative, vocational, and other skills for the purpose of gradually replacing non-Saudi workers. Each employer is required to keep a record showing the names of the Saudi workers who have replaced the non-Saudi nationals. Establishments with 50 or more workers must now train 12 percent of their Saudi national workers (previously 6 percent).

1.8 Are there other employment-related restrictions?

There are specific restrictions for women's employment, and some positions are strictly reserved for Saudi nationals.

- It is prohibited to employ women in hazardous or jobs or industries.
- Night shifts for female workers are subject to specific restrictions. The Labor Law specifically states that women must not be required to work at night, which is defined as a period not less than 11 consecutive hours but which can vary depending on the nature of the work. Working hour limitations regarding female workers are excluded from specific sectors. Sectors excluded from late-night work restrictions include financial institutions, information technology, tourism and entertainment, medical distributors, public transportation, and translation services. In addition to specific sectors, the resolution provides certain circumstances as exceptions to female night work restrictions, such as women who hold high managerial roles, force majeure, and in cases where night work is required to preserve deteriorating materials.
- There are also general rules and restrictions in terms of female employment, such as:
 - female workers' salaries shall be equal to their male counterparts;
 - employers are prohibited from any act which affects their female workers' freedom;
 - female workers are required to wear conservative clothing;
 - in workplaces combining both male and female workers, a minimum of two female workers shall work during the same shift; and
 - providing female workers with segregated offices, rest areas, and washrooms.
- Women workers cannot be fired or be subject to disciplinary measures during their maternity leave.
- The New Implementing Regulations of 2016 list 18 positions strictly reserved for Saudi nationals. Female makeup and accessories stores can only hire Saudi women. Workers engaged in the sale and repair of mobile telephone and mobile telephone accessories can only be Saudi nationals.



2. SPONSORSHIP

2.1 How do workers and employers terminate a contract?

If the employment contract is for an unlimited term, either party may terminate it for a valid reason by giving on the other party no less than:

- 60 days' written notice if the worker is paid monthly or
- 30 days' written notice for other workers (or the period specified in the contract, if different).

Failure to give adequate notice entitles the other party to payment in lieu of the required or remaining notice period based on the situation.

The Labor Law also lists specific circumstances in which the employer or worker may terminate the employment contract without notice:

Employer may terminate in the following cases, provided it gives the worker a chance to object to the termination:¹⁰

- assault by the worker;
- worker fails to perform essential obligations or to obey legitimate orders; or
- if, in spite of written warnings, the worker:
 - fails to observe the instructions related to the safety;
 - is proven to have adopted 'bad conduct;'
 - deliberately commits any act or default with the intent to cause material loss;
 - forges documents to get the job;
 - is on probation;

- is absent without valid reason for more than twenty days in one year or for more than ten consecutive days;
- illegally takes advantage of his position for personal gain;
- divulges work-related industrial or commercial secrets.

The worker may terminate in the following cases:¹¹

- the employer fails to fulfil his essential contractual or statutory obligations;
- the employer or his representative resorts to fraud at the time of contracting with respect to the work conditions and circumstances;
- the employer assigns the worker, without his consent, to perform a work which is essentially different from the work that was agreed upon;
- the employer, a family member, or the responsible manager commits a violent assault or an immoral act against the worker or any of his family members;
- the employer or the responsible manager treats workers in a cruel, unjust, or insulting way;
- the workplace involves serious hazard to the safety or health of the workers, provided that the employer is aware of the existence of such hazard but fails to take action to indicate removal thereof;
- the employer or his representative, through his actions and particularly by his unfair treatment or violation of the terms of the contract, has caused the worker to appear as the party terminating the contract.

When an employment contract is terminated or expires, the employer will be required to pay an end-of-service benefit equivalent to a half-month's wage for each of the first five years and a month's wage for each of the following years. However, if the work relationship ends due to the worker's resignation, he/she shall, in this case, be entitled to:

- one-third of the award after a service of not less than two consecutive years and not more than five years;
- two-thirds if his service is in excess of five successive years but less than ten years;
- the full award if his service amounts to ten or more years.¹²

2.2 Protected grounds for dismissal

An employment contract cannot be terminated during the sick leave of the worker.

2.3 What is the process for the worker to transfer to another employer?

As a general rule, the worker can only transfer to another sponsor/ employer after obtaining the approval of the first employer.¹³

Following changes to the Labor Law, and the enactment of new Implementing Regulations which came into effect in April 2016 (Ministerial Decree No. 1982), the transfer of sponsor/ employer is permitted without the approval of the current sponsor/ employer if:

- the employer has failed to renew the worker's residency permit;
- the worker's wages have not been paid for three consecutive months and at any time during the year that follows the due date of the third month of delay;
- the worker has denounced a commercial cover-up activity involving the employer, with evidence to this effect and without involvement on his/her part; or
- the employer has reached the red or yellow category in the Nitaqat system (Saudization).

2.4 Can workers leave the country without permission of the employer?

All migrant workers residing in Saudi Arabia need to obtain an exit

permit before leaving the country. If the foreigner wishes to leave the country for a specific period of time during the given period of residence, he can request an exit and re-entry permit valid for a period of six months from the date of departure. If sponsored by an employer, the foreign worker needs to obtain the permission of his employer to obtain the exit permit, unless under the circumstances listed above.¹⁴



3. WAGES

3.1 Is there a minimum wage?

No. There is no minimum wage for migrant workers, nor for nationals; however, in order for a Saudi national to be included in the quota set down by the regulations on the employment of nationals in the private sector, the employee must be paid at least SAR 3,000 a month.

3.2 How is payment to be made?

All institutions with more than 11 employees must be registered with the MOLSD and must pay their workers' wages once a month at least (or on the dates specified in the work contract if wages are paid more frequently than monthly, such as weekly) via the Wages Protection System (WPS), whereby wages must be paid through a local bank and proof of transfer/deposit of the wages shall be submitted to the MOLSD's system.¹⁵

3.3. What are the penalties for late payment of wages?

Failure to comply will result in the company being denied the right to have a new work permit for up to three months after the violation is rectified. The MOLSD may decide to impose a ban on issuing any work permits to all institutions owned by the owner of the violating institution. Those responsible for the violation may also be referred to the Court.¹⁶ As well as potential loss of privileges, companies can face fines of SAR 5,000 per employee.¹⁷

3.4 Are deductions from pay permitted?

Yes. If a worker causes the loss, damage, or destruction of materials, machinery, or products which belong to or are in the custody of the employer, where such loss, damage, or destruction was the result of the worker's fault or contravention of the employer's instructions and not the result of a third party's fault or force majeure, the employer may withhold from the worker's wages the amount required for repairs or for restoring things to their original condition, provided that the amount does not exceed half the worker's due wage unless the Commission for the Settlement of Labour Disputes decides otherwise.

However, the employer may, if necessary, lodge a complaint to claim a higher amount if the worker has other property from which recovery can be made. The worker may also appeal the employer's assessment to the appropriate Commission, and if the latter rules in his favour, the employer shall reimburse to the worker the amount unduly withheld within seven days from the date of issuance of the ruling.¹⁸



4. WORKING CONDITIONS AND OCCUPATIONAL HEALTH

4.1 What are the working hours?

The working hours are eight hours per day or 48 hours per week, with

the exception of the month of Ramadan. The number of hours may be raised to nine hours in certain cases; however, workers cannot remain at the workplace for more than 12 hours¹⁹ per day.

The number of working hours may also be reduced to seven in certain hazardous jobs.

Rest breaks of at least 30 minutes for rest, prayer, and meals must be permitted at least every five hours, totaling one hour per day. Workers must receive one rest day per week of not less than 24 consecutive hours, which should be Friday but can be replaced by another day subject to the MOLSD's approval. However, in remote areas and in jobs where conditions require 'continuous work,' weekly rest periods may be consolidated for up to 8 weeks if the employer and workers agree, subject to MOLSD's approval. In some limited cases, including 'unusual work pressure,' there may be an exception to the rest period requirement.

There is a ban on working outdoors between 12-3 p.m. during the summer (usually from June 15 until September 15), with exceptions for oil and gas workers or employees working in maintenance who are required to carry out emergency work.²⁰ Companies which fail to comply could face a fine of SAR 3,000 per worker. Women who breastfeed are entitled to an hour's additional break per day to take care of their child.

4.2 What are the regulations on overtime?

Overtime is payable at 150 percent of the worker's usual hourly wage. In firms where workers work in shifts, employers may increase working hours in excess of eight hours a day or 48 hours a week, subject to certain thresholds. All shifts must be pre-approved by MOLSD.

All work on Fridays and public holidays is considered to be overtime.

Any overtime work must not exceed two hours per day or 12 hours per week. In addition, there is also a yearly cap of 720 hours overtime, unless workers fall within the exception.

Furthermore, the following categories are exempt from overtime pay: (i) senior posts in management or supervision if holders of such titles are vested with the authority of an employer over workers; (ii) security guards; (iii) any preparatory or supplementary work which must be completed before or after commencement of work and (iv) work that is intermittent by necessity. Such categories are to be determined by the Minister of Labor.

4.3 What are the requirements for personal protective equipment? Is there a requirement for an OSH policy?

An employer shall take the necessary precautions to protect the workers against hazards, occupational diseases, the machinery in use, and shall ensure work safety and protection. He shall post in a prominent place in the firm the instructions related to work and workers' safety in Arabic and, when necessary, in any other language that the workers understand. The employer may not charge the workers or deduct from their wages any amount for the provision of such protection.²¹

4.4 What are the requirements on access to water, food, toilets, and washing facilities on site?

The employer must equip the workplace with adequate lighting, as well as clean water for drinking and washing.

4.5 What are the requirements for labor accommodation?

With regards to workers who perform work in places far removed from

inhabited areas, determined by a decision of the Minister of Labor and Social Affairs, the employer has the obligation to:

- provide shops that sell food, clothes, and other necessary commodities at moderate prices in work areas where such shops are not ordinarily available;
- provide parks and athletic fields annexed to the place of work, as well as cultural libraries for the workers;
- make necessary medical arrangements for the proper protection of the health of the workers and for the comprehensive treatment of their legal dependents with due regard to the provisions of the Social Insurance Law;
- provide schools for education of workers' children if no adequate schools are available in the area, and provide mosques in the place of work;
- set up programs to combat illiteracy among the workers; and
- prepare rules agreeable to the MOLSD for the appointment and promotion of workers and for the allowances and benefits they receive.²²

4.6 What are the regulations on occupational safety and health?

Article 137 as amended provides that an employee who suffers a work injury is entitled to compensation in the amount of his full pay for 30 days,²³ then 75 percent of his pay thereafter for the duration of his treatment up until one year, whereupon he shall be classified as disabled and eligible for compensation.

In addition to worker's compensation, the employer is liable to pay penalties based on the specificities of the infraction. In general, the Labor Law stipulates a fine up to SAR 100,000 in addition to temporary or permanent closure of the entity based on the discretion of the MOLSD and the Court. An employer may be fined SAR 25,000 and closure of the entity for one day for non-compliance with the health and safety rules.

In addition to the MOL regulations, the General Organization for Social Insurance (GOSI) provides for work injury benefits where the employer is obligated to contribute to GOSI two percent of the worker's wage every month. The GOSI further stipulates health and safety rules, which are set out below.

A worker must inform the employer of his injury, relapse, or complication within seven days of its occurrence. Consequently, the employer must inform GOSI of his worker's injury which required more than first aid within three days of being informed or having knowledge of it.



5. ORGANIZING AND COLLECTIVE ACTION

5.1 Are trade unions permitted?

Trade unions are not explicitly prohibited in Saudi Arabia, but they do not exist in practice. However, the Labor Law permits the establishment of worker councils for Saudi nationals only. Recent amendments to the Labor Law encourage employers to form worker committees to oversee staff welfare and to handle the funds collected through fines imposed on workers.



6. ACCESS TO COMPLAINTS MECHANISMS

6.1 What are the mechanisms for individual complaints?

All labor cases must be filed within 12 months of the dispute arising. Recently, Saudi Arabia established labor courts to enable workers and employers to file claims at a specialized judicial institution, as opposed to commissions. However, some minor disputes are not subject to appeal. These disputes include:

- claims with values less than twenty thousand Riyals;
- claims of service certificates;
- claims of original documents retained by the employer;
- objection on imposed penalties by the employer, except dismissal from work;
- objection on the decision of committees of domestic workers; and
- complaints related to GOSI concerning registration, subscriptions or compensation which does not exceed SAR 20,000.

Labor claims have to be submitted electronically.²⁴

All people, whether citizens or residents of the Kingdom, are entitled to file a lawsuit on an equal basis.²⁵

6.2 What are the mechanisms for collective complaints?

The regulation in respect of class actions/collective complaints is vague; however, the mechanism for filing collective claims is similar to that of an individual. There are no special mechanisms in place in terms of the process of filing collective claims.



7. SUBCONTRACTING REGULATIONS

7.1 How is subcontracting regulated?

Generally, subcontracting workers, or secondment, are not legally acknowledged in Saudi Arabia. It is unlawful for a non-Saudi to work for anyone other than his/her sponsor, which is usually the company in which he/she is employed. Therefore, the legal option to subcontract or second non-Saudi workers is to use the Ajeer system.

The MOLSD "Ajeer System" allows licensed entities to provide employees, a process called staff leasing, to any entity established and based in Saudi Arabia. These entities are known as manpower agencies.

The MOLSD has also allowed entities other than the sponsor to benefit from workers residing in Saudi Arabia with a work visa. This system allows employers other than the sponsor to benefit from workers for a specific period and consequently allows them to work for other employers on a temporary basis. It is worth noting that this type of engagement is not capped at a certain time and may continue as long as the parties fulfill the necessary requirements.

The Ajeer System is permitted for certain activities under certain conditions, and fees must be paid in relation to each employee. The entity's activities (as stated in its commercial registration) must be one of the following: construction; contracting, maintenance and operation; consultation; or education.

When considering the subcontracting or secondment of Saudi

nationals, from a practical perspective the Saudi authorities are unlikely to question whether the worker has a second contract or is with a non-Saudi employer.



8. ACCESS TO MEDICAL CARE

8.1 What medical care must the employer provide to workers?

It is mandatory to provide medical insurance coverage to all workers. However, employers have some discretion on the level of coverage they provide. Therefore, if the policy coverage requires the worker to bear the cost of some of the medical expenses, this is acceptable so long as it is paid directly to the medical provider; deducting the cost from salary would not be permitted.

Further, after obtaining approval from the Minister of Labor, the employer may establish a savings fund given that the contribution of the worker is optional. All policies that regulate the fund shall be announced and approved by the MOLSD.

Details of the deductions made from a worker's salary should be documented, and the worker's consent should be obtained, otherwise deductions are deemed unlawful. In cases of surgery or incurable diseases, the expenses are covered by the Social Insurance Fund. The costs of treatment, medicines, and hospitalization in government or charitable hospitals as well as the party who will assume such costs, are determined pursuant to the decision to be made by the Minister of Labor in agreement with the Minister of Health, or to the regulations of the Social Insurance law.²⁶



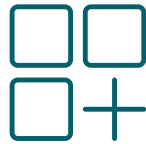
9. SOCIAL SECURITY

9.1 Is there mandatory social security for migrant workers?

Employers are required to register all workers with GOSI. The system distinguishes between Saudi and non-Saudi workers.

No deductions are required for non-Saudi workers. A portion of each non-Saudi worker's salary is paid for occupational hazard insurance. The contribution rate is two percent of the worker's monthly salary (basic housing allowance only) paid only by the employer.²⁷

An employer shall assign one or more physicians to provide, at least once a year, a comprehensive medical examination for his workers who are exposed to any of the occupational diseases listed in the Schedules of Occupational Diseases provided for in the Social Insurance Law. The findings of the examination shall be kept in the employer's records as well as in the workers' files.²⁸



10. OTHER

10.1 Disciplinary action

Employers are not permitted to take disciplinary action against a worker until:

- the worker is notified in writing of the basis for such disciplinary action;
- the worker is questioned by the employer and been given the opportunity to present a defence, if any; and
- the minutes of the worker's responses to the questions of the employer and the worker's defence (if applicable) have been recorded and placed in the worker's file.²⁹

1 As amended in 2015.

2 Labor Law, Article 40(1) a: "An employer shall incur the fees pertaining to recruitment of non-Saudi workers, the fees of the residence permit (Iqama) and work permit together with their renewal and the fines resulting from their delay, as well as the fees pertaining to change of profession, exit and re-entry visas and return tickets to the worker's home country at the end of the relation between the two parties."

3 Implementing Regulations, Article. 14(1); Recruitment agencies are regulated by the Regulation on Recruitment Companies (2012).

4 Labor Law, Article 37. A written contract is mandatory for non-Saudi workers.

5 Labor Law, Article 51. An oral contract can be presumed in the absence of a written contract.

6 Labor Law, Articles 53 and 54.

7 Labor Law, Article 9.

8 Ministerial resolution number 88478 dated 01/05/1439 H. (18/01/2018).

9 Labor Law, Article 33.

10 Labor Law, Article 80.

11 Labor Law, Article 81.

12 Labor Law, Article 84 and 85.

13 Implementing Regulations, Article 15.

14 Residence Regulations, No 17/2/25/1337 (1952) Article 16: Foreigners.

15 Labor Law, Article 90.2.

16 Ministerial Decree No. 788 of 2009 on Protection of Wages, Art 8.

17 Ministerial resolution number 88478 dated 01/05/1439 H. (18/01/2018).

18 Labor Law, Article 91.

19 Labor Law, Article 101.

20 Ministerial Decision No. 3337, dated 14/05/2014.

21 Labor Law, Article 122.

22 Labor Law, Article 146.

23 Labor Law, Article 137.

24 Ministerial resolution number (413/10/40) dated 15/02/1440 H (26/10/2018).

25 Basic Law of Governance. Article 47.

26 Labor Law, Article 134.

27 See above paragraph 4.6.

28 Minister of Labor Decree No. 159/Insurance of 7/3/1430 establishing a chart of Occupational Diseases in Saudi Arabia.

29 Labor Law, Article 71.