

Kuwait is a small country at the tip of the Persian Gulf in western Asia. The country is rich in national resources and is also home to a large number of expatriates that outnumber the country's citizens. Overall, it's a great location for companies that want to work in Asia and develop ties to other countries, such as Saudi Arabia or Iraq.

One of the challenges of expanding across borders is learning how to set up your Kuwait payroll. You have to decide between multiple different payroll options, learn a whole set of labor laws, and make sure you're complying with the country's tax regulations. Fortunately, Globalization Partners makes it easier to expand to new locations through Kuwait payroll outsourcing.

Taxation Rules in Kuwait

Kuwait does not have any personal income taxes. However, both employers and employees have to contribute to social security at a total of 19.5% of an employee's salary. Employers pay 11.5% of that, and the employee pays 8% up to a salary ceiling of 2,750 KD a month. All foreign companies need to pay a corporate tax rate of 15%.

Kuwait Payroll Options for Companies

You get to choose one of the four different Kuwait payroll options that works best for you, including:

- **Internal:** One option is to create an internal payroll that you run out of your Kuwait subsidiary. However, you'll need to hire a full HR staff and ensure you have an expert in compliance on your team if you choose this option.
- **Remote:** Subsidiaries that have a parent company with its own payroll can add their Kuwait employees to the same payroll and compensate them remotely. You'll need to make sure you follow the right labor laws for each country if you have a remote payroll in place.
- **Kuwait payroll processing company:** Choosing to work with a Kuwait payroll processing company will ensure that you don't have to worry about paying employees. You will, however, still have to worry about compliance.

- Kuwait payroll outsourcing: Kuwait payroll outsourcing with Globalization Partners truly outsources the entire process. You won't have to worry about anything because we'll add your employees to our compliant payroll.

How to Set Up a Payroll in Kuwait

Companies can't set up their Kuwait payroll until they have a registered subsidiary in the country, which means it could take months or even a year before you can hire your first employee. Globalization Partners doesn't have the same requirements — you can use our Kuwait PEO to start working immediately. As the Employer of Record, we'll even handle all employment compliance on your behalf.

Entitlement/Termination Terms

Terminating an employment contract is an extremely complicated task in Kuwait. You can use a probationary period, but it cannot exceed 100 working days. If you're using an indefinite period employment contract and paying employees on a monthly basis, both you and the employee can terminate the contract with three months of notice. You also need to pay employees an amount equal to 15 days of remuneration for their first five years of service and one month's remuneration for every year after not exceeding one and a half years' remuneration.

Payroll Processing Company in Kuwait

The team at Globalization Partners will give you the opportunity to work in Kuwait without worrying about setting up your payroll or dealing with compliance. Contact us today to learn more about Kuwait payroll outsourcing.