

Globalization Partners provides employer of record services for customers that want to hire employees and run payroll without first establishing a branch office or subsidiary in Saudi Arabia. Your candidate is hired via Globalization Partners' Saudi Arabia PEO in accordance with local labor laws and can be onboarded in days instead of the months it typically takes. The individual is assigned to work on your team, working on your company's behalf exactly as if he or she were your employee to fulfill your in-country requirements.

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Our solution enables customers to hire employees, sponsor Iqamas, and run payroll in Saudi Arabia while HR services, tax, and compliance management matters are lifted from their shoulders onto ours. As a Global PEO expert, we manage employment contract best practices, statutory and market norm benefits, and employee expenses, as well as severance and termination if required. We also keep you apprised of changes to local employment laws in Saudi Arabia.

Your new employee is productive sooner, has a better hiring experience and is 100% dedicated to your team. You'll have peace of mind knowing you have a team of dedicated employment experts assisting with every hire. Globalization Partners allows you to harness the talent of the brightest people in more than 185 countries around the world, quickly and painlessly.

Hiring in Saudi Arabia

In general, Saudis value personal interaction and want to establish a good rapport with counterparts before they are willing to negotiate agreements. Meetings involve small talk, are prone to frequent interruptions, and can be slow-paced and seem off topic. However, this is the chance to get your relationship on the right footing. After several get-to-know-you meetings, actual business talks can proceed. Saudis do not like giving bad news, so be on the alert for couched terms which really mean ‘no.’ And, do not be surprised if decisions get reversed. Finally, while it is polite to ask after your counterpart’s family, do not ask directly about his wife as doing so would be impolite.

Saudi Arabia has recently strengthened its policy of “Saudization.” Saudization is the national policy of Saudi Arabia to encourage employment of Saudi nationals in the private sector, which is in practice largely dominated by expatriate workers. Due to the policies promoting Saudization, it has become increasingly difficult to sponsor new work permits for employees coming in from outside the country to work in Saudi Arabia for the first time. Sponsoring iqamas and visas for expatriates in Saudi Arabia can be achieved but only at a premium cost. Note also that all new visas have to be advertised to Saudi’s before they can be offered to Expats. As such, it is always better to recruit employees already residing in Saudi Arabia (who already hold an Iqama / Resident work permit) and then transfer those employees to our local partner, and assign the employees to work on behalf of our customer. All matters related to employment contract, work permit sponsorship, and compliance with local HR matters are taken care of by Globalization Partners and our local partners.

The Saudi economy is powered primarily by expatriates, who must have a work and residency permit (Iqama) to work in Saudi Arabia. It is likely that an EXIT ENTRY Visa to leave and re-enter the Kingdom will also be required.

When there is a need for extended duration of an Invitation Visa, an alternative solution could be to issue Multiple Entry “Invitation Work Visit Visas”, which would allow the individual to work in the Kingdom for the validity of the Visa and continually renewed and re-issued in the Country of residence on Expiry. Cost effectiveness and duration of the Visa’s issued depends on the Nationality of the individual. Family Visa’s cannot be issued under this Visa.

The Globalization Partners solution does not require your company (independently) to hire additional employees; our local partner company already has this requirement fulfilled. The Fee structure will however require a contribution to Saudization based on minimum wage unless a Saudi is being employed.

Compensation in Saudi Arabia must be broken down into base salary plus allowances for housing and transportation.

When negotiating terms of an employment contract and offer letter with an employee in Saudi Arabia, it may be useful to keep the following in mind:

Employment Contracts in Saudi Arabia

Best practice is to put a strong, written employment contract in place in Saudi Arabia which spells out the terms of the employee's compensation, benefits, and termination requirements. An offer letter and employment contract in Saudi Arabia should always state the salary and any compensation amounts in riyal rather than a foreign currency. The employment contract template is part of the service with Globalization Partners; no need to draft a separate template if you use our employer of record and PEO service in Saudi Arabia.

Saudi nationals who complete three consecutive fixed term contracts or work continuously for four years (whichever is less) will automatically have their contract converted to an unlimited contract.

Working Hours in Saudi Arabia

Saudis generally work a 40-48 hour week. During Ramadan, the work day is reduced to six hours. This is typically applied to all employees, but it is only statutorily required mandatory to provide it to Muslim employees. 8 hours a day, 6 days a week. If employees work more than 40 hours a week they are entitled to overtime, which is time and a half. There is no cap on overtime.

The Saudi weekend is Friday and Saturday.

Holidays in Saudi Arabia

Saudi Arabia celebrates two major religious festivals during the Islamic year: Eid Al Fitr and Eid al Adha.

The amount of public holidays granted each year is variable and announced by the government.

- Eid Al-Fitr, which lasts for 3 days, is customarily celebrated for 10 days at the end of the month of Ramadan.
- Eid Al-Adha lasts for 4 days and is also recognized as a 10 day holiday usually extending from the 5th to the 15th day of the month of Thul-Hijja.
- Saudis also observe Unification of the Kingdom Day which always falls on September 23rd.

Vacation Days in Saudi Arabia

The statutory minimum vacation leave is 21 days. From the 6th year of employment onward, the statutory minimum is 30 days. It is customary for most employers to provide 30 days of vacation from year 1, with senior management typically receiving 40 or more vacation days. It is permissible to allow carryover of unused time to the next year. It is also permissible to cap carryover.

Employers typically pay for air plane tickets for expatriate employees to go home to visit family on their annual leave.

Muslim employees are generally entitled to Hajj leave after 2 years of continuous employment. The leave may be up to 10 days and can only be taken once in 5 years with the same employer.

Saudi Arabia Sick Leave

Employees are generally allowed up to four months of sick leave, if they provide a medical certificate. Sick leave is paid as follows:

- First 30 days: 100%
- 31 to 90 days: 75%
- 91 days to 120 days: unpaid

Maternity/Paternity Leave in Saudi Arabia

Female employees are generally entitled to 10 weeks of paid maternity leave, up to four weeks may be taken before the birth and at least six of the weeks must be taken after. During this leave, the employee is entitled to half pay if she has been employed for at least one year, and full pay if she has been employed for at least three years from the commencement date of the leave. However, if a female employee takes her annual vacation during the same year as her maternity leave, she will only be entitled during that vacation to half pay or to no pay, depending on whether she received half pay or full pay during her maternity leave. Medical expenses related to pregnancy and delivery must be paid by the employer.

Fathers are eligible for three days of paid paternity leave.

Health Insurance in Saudi Arabia

Medical and hospital care is provided for free through the national system for Saudi citizens. Supplementary health insurance is typically provided to expatriate employees as a benefit. Most executives request supplementary health and life insurance, which is provided to all employees under our [Global Employer of Record](#) solution.

Saudi Arabia Supplementary Benefits

Some common benefits include supplementary health insurance, travel tickets home for vacation, education expenses, retirement plans, mobile phones, housing allowances, and

transportation allowances. Generally, we recommend budgeting 25% for benefits on top of the gross salary (gross salary defined as being inclusive of housing allowances or other allowances, for our purposes) to allocate the total employer's cost including benefits in Saudi Arabia.

Termination/Severance in Saudi Arabia

Probation periods of up to 90 days are allowed in Saudi Arabia. If both the employer and the employee agree, the period can be extended an additional 90 days. Probationary periods are not a statutory requirement.

Employees with unlimited contracts are entitled to receive 60 days' notice. Employees with other contracts are entitled to 30 days' notice. If proper notice is not given, the parties can agree to compensation instead. During the notice period, employees may use 8 hours of work time per week to find alternate employment. There is not notice period for definite contracts as it is rare to have a valid reason for ending a definite contract early.

When an employment contract ends, an employee is entitled to an "end-of-service award" equal to one-half of one month's wages for each of the first 5 years of employment and a full month's wages for each year of employment thereafter, pro-rated for any partial year's service.

Paying Taxes in Saudi Arabia

Employers must pay Saudi social insurance tax (GOSI) on behalf of their employees. The contributions are levied on basic salary, including housing allowances and certain commissions. This can be estimated at 10% of the employer's cost.

Employers must pay contributions for occupational hazards insurance at a rate of 2% for both Saudi and non-Saudi employees.

Why Globalization Partners

Establishing a branch office or subsidiary in Saudi Arabia to engage a small team is time-consuming, expensive and complex. Saudi Arabian labor law has strong worker protections, requiring great attention to detail and an understanding of local best practices. Globalization Partners makes it painless and easy to expand into Saudi Arabia. We can help you hire your candidate of choice, handle HR matters and payroll, and ensure that you're in compliance with local laws, without the burden of setting up a foreign branch office or subsidiary. Our Saudi Arabia PEO and [Global Employer of Record](#) solution provides you peace of mind so that you can focus on running your company.

If you would like to discuss how Globalization Partners can provide a seamless employee leasing or PEO solution for hiring employees in Saudi Arabia, please [contact us](#).