

Reading Time: 2 minutes

It's vital to ensure you're paying your employees the right amount and offering them the benefits required by Saudi Arabia law. Your company will have to hire an expert in Saudi Arabia compensation laws or train a current employee to make sure you're compliant. Globalization Partners can take the stress out of Saudi Arabia benefit management. We have the expertise you require for a smooth expansion to Saudi Arabia, and we'll make sure your employees get the right salary and benefits.

Saudi Arabia Compensation Laws

Saudi Arabia does not have a minimum wage for the private sector, but public sector employees must make at least \$7,585 a year, or about 28,444 Saudi Arabian Riyal (SAR). Saudi Arabia compensation laws also dictate overtime payment of 100% an employee's normal hourly rate plus a 50% bonus. Work on Friday or a public holiday is considered overtime.

The country also has a generous severance pay, which is 15 days of wages for an employee's first five years of work, then a full month of wages for every year after that. This severance package is different for Saudi nationals, who have rights to certain severance pay per their employment contract.

Guaranteed Benefits in Saudi Arabia

If you do not utilize Saudi Arabia benefit outsourcing services, you must at least provide the benefits outlined in the country's employment laws. These statutory benefits include a reduced workday (six hours) for Muslim employees during Ramadan, 21 days of paid vacation, and time off for public holidays announced by the government each year.

Although the statutory minimum for paid vacation starts at 21 days, it increases to 30 days starting at the sixth year of employment on. Muslim employees are also entitled to leave for the Hajj after they've worked for your company for two years. The leave can only be taken once within five years of employment and can't extend to more than 10 days.

Saudi Arabia Benefit Management

A strong Saudi Arabia benefit management plan must include additional benefits that will attract top talent to your open positions. It's customary for Saudi Arabia employers to provide employees with:

- Supplementary health insurance
- Plane tickets to go home for vacation
- Money for education costs
- Retirement plans
- Mobile phones
- Housing allowances
- Transportation allowances

Globalization Partners recommends budgeting an additional 25% on top of gross salary for these benefits. You should also outline any supplemental benefits you will provide in an employment contract.

Restrictions for Compensation and Benefits in Saudi Arabia

One restriction to watch for a Saudi Arabia benefit management plan includes sick leave. While employees are typically allowed up to four months of sick leave, they will need a medical certificate to take that time. If they can produce a certificate, they will get 100% of their pay for the first 30 days, 75% for 31 to 90 days, then unpaid time off from 91 to 120 days.

Choose Globalization Partners for Saudi Arabia Benefit Outsourcing

With so many Saudi Arabia compensation laws and benefit restrictions to learn, you can benefit from Saudi Arabia benefit outsourcing. Let Globalization Partners handle compensation and benefits so that you can grow your company in a new location. Contact us today to learn more.