

Kuwait

1. Government requirements

Registration requirements

Registration with the Public Authority of Manpower (PAM)

The company's file must be opened with PAM, which will determine the number of visas available to the company (on the basis of the company's sector and work specification being registered with PAM). Accordingly, employees whose visas are issued through the file will need to be registered under the company's file. If the employee needs to move to another firm, the new employer should raise an online transfer request through the PAM portal, which should be approved by the current employer. Once the current employer approves the said request through the portal, the employee can be registered in the file of the new firm. This process takes one to two weeks to be completed.

Employment contracts

Employees in Kuwait are entitled to obtain an employment contract issued and attested by the Public Authority of Manpower and signed by themselves and the employer. The contract details the basic salary, job title, period of contract and the performance measures of the company. The contract also explains the termination conditions, including the notification period from either side for termination of contract, and the liabilities to be incurred if conditions of the contract are broken.

Income tax registration

There is no Personal Income Tax (PIT) in the state of Kuwait. However, there is corporate tax applicable to foreign corporations. The Kuwaiti tax law does not define the concept of resident or nonresident and permanent establishment. As a result, there may be corporate tax implications where representatives or employees of the supplying or invoicing foreign entities are present in the country.

In practice, the Kuwait Tax Authority (KTA) considers even a single day's visit to Kuwait as a taxable presence in the absence of a double tax treaty between the corporation's country of tax residence and Kuwait.

Ongoing compliance requirements

There is no PIT in Kuwait.

MOSAL has to be notified whenever the company deposits salary to an employee's bank accounts. Bank accounts opened with Kuwaiti banks provide access to an online salary portal through which the salary report would automatically be sent to MOSAL.

2. Pension requirements

Registration requirements

Social security

Every new Kuwaiti employee should be registered with the Public Institution for Social Security (PIFSS) by the 5th of the following month to avoid penalties. Social security contributions are applicable to all Gulf Cooperation Council (GCC) nationals. However, the social security rates vary according to the nationality of the employee.

Ongoing compliance requirements

Social security

For Kuwaiti nationals, social security contributions must be paid as a percentage of their monthly basic salary plus their social allowance. The contributions by the employer and the employee are as follows:

- The employee's contribution toward social security is 10.5% up to KWD1,500 and 8% from sums above KWD1,500 and up to KWD2,750.
- The employer's contribution toward social security is 11.5%, with the cap amount being KWD2,750

For foreign employees who have completed a minimum period of three years, it is generally necessary to make a terminal indemnity payment, calculated at 15 days remuneration for each of the first five years of service and one month remuneration for each year thereafter.

Time off work

The employee shall be entitled to a weekly period of rest of not less than one day with pay, and in case the employee is made to work during the weekly rest, he or she shall be entitled to a wage in return for that day equaling the original wage per day plus at least 50%.

Working on official public holidays

Whenever an employee is made to work on an official public holiday, they shall be entitled to a double wage for that day.

Minimum wage

In Kuwait, minimum wages vary depending on the job role and the job designation as per the visa.

Government medical insurance

It is mandatory for all employees to be provided government medical insurance.

4. Payroll requirements

Wages may be determined per hour, per day, per week, per month or per project. Wages shall be paid on one of the official work days and at the workplace of the employees, in the currency legally in circulation, subject to the following provisions:

- Employees appointed on monthly pay shall be paid the wage thereof at least once per month.
- Employees paid per hour, day laborers, employees on a weekly wage or paid on a project basis shall be paid the wage thereof at least once every two weeks.
- The employer shall be prohibited from transferring a monthly paid employee to the category of a day laborer, or to the category of an employee appointed on a weekly wage or on a project basis, except terminating the existing contract and sign a new contract and update the same with the MOSAL.

5. Banking requirements related to payroll

All salary payments must be made through a local bank account and paid in local currency

