**Employment Contracts and Probation Policy**

This policy outlines the standards for employment contracts and probationary periods under Saudi Arabia law. It applies to all hires in the private sector and is based on the Saudi Labor Law (Royal Decree No. M/51, 2005, as amended) and Ministry regulations. All contracts and procedures must comply with current legal requirements (including the 2025 amendments) and best practices.

**Employment Contract Types**

Saudi law recognizes several contract types to suit different work arrangements. The two primary forms are:

* **Indefinite-Term (Open-Ended)** – An open-ended agreement with no preset end date; it continues until either party terminates it. These contracts must meet all legal requirements for terms and notice[arthurlawrence.net](https://www.arthurlawrence.net/blog/ksa-employers-guide-to-employment-contracts/#:~:text=There%20are%20two%20types%20of%C2%A0employment,provisions%20for%20renewal%20and%20termination).
* **Fixed-Term (Definite-Term)** – A contract for a specific duration or project. It automatically expires on the agreed end date or upon project completion. If both parties continue working past the end date, the contract is deemed renewed as indefinite under Article 55 of the Labor Law[hrsd.gov.sa](https://www.hrsd.gov.sa/sites/default/files/2023-02/Labor.pdf#:~:text=Article%2055%201.%20A%20fixed,the%20contract%20is%20renewed%20for). Fixed-term contracts may include renewal clauses; however, three consecutive renewals (or an original term plus renewals totaling four years) convert the agreement into an open-ended contract[hrsd.gov.sa](https://www.hrsd.gov.sa/sites/default/files/2023-02/Labor.pdf#:~:text=2.%20If%20a%20fixed,become%20an%20indefinite%20term%20contract).

Additional contract forms include:

* **Part-Time** – For employees working less than half the normal daily hours for a firm[hrsd.gov.sa](https://www.hrsd.gov.sa/sites/default/files/2023-02/Labor.pdf#:~:text=Seasonal%20Work%3A%20Work%20that%20takes,certain%20days%20of%20the%20week). Part-time contracts follow the same basic requirements (wages, benefits, etc.) on a pro-rated basis.
* **Seasonal** – Covers work tied to recurring seasons or peak periods (e.g. agriculture, holiday retail)[hrsd.gov.sa](https://www.hrsd.gov.sa/sites/default/files/2023-02/Labor.pdf#:~:text=execution%20does%20not%20require%20more,half%20the%20usual%20daily%20working). A seasonal contract is valid for the defined season; it ends at season’s close unless renewed.
* **Temporary/Incidental** – Short-term contracts (90 days or less) for work that is not part of the employer’s regular activities[hrsd.gov.sa](https://www.hrsd.gov.sa/sites/default/files/2023-02/Labor.pdf#:~:text=Temporary%20Work%3A%20Work%20considered%20by,place%20during%20known%20periodical%20seasons). These may be used for short projects or emergency work and are subject to standard labor protections (wages, breaks, safety) during their term.

Each contract type must be clearly labeled and structured according to its nature, with specific end dates or work descriptions where applicable.

**Required Contract Content**

All employment contracts must be in writing and include the essential terms prescribed by law[hrsd.gov.sa](https://www.hrsd.gov.sa/sites/default/files/2023-02/Labor.pdf#:~:text=1,items%20not%20conflicting%20with%20the). Key content includes:

* **Identification of Parties** – Full names and identifiers of employer and employee. For the employer: commercial registration or company details. For the worker: name, nationality, and official ID (Iqama or passport)[hrsd.gov.sa](https://www.hrsd.gov.sa/sites/default/files/2023-02/Labor.pdf#:~:text=1,items%20not%20conflicting%20with%20the).
* **Job Title and Duties** – The position or role held by the employee, with a summary of duties or a reference to an attached job description. Work location(s) must be specified.
* **Work Schedule** – The agreed daily and weekly working hours. By law, regular hours are generally 8 hours/day (48 hours/week)[truein.com](https://truein.com/gcc-blogs/saudi-arabia-employment-laws#:~:text=The%20Saudi%20Labour%20Law%20mandates,of%20the%20regular%20hourly%20wage) (6 hours/day during Ramadan). The contract should note the standard schedule and weekly rest days in line with Article 13 of the Labor Law.
* **Compensation and Benefits** – Agreed salary, currency (Saudi Riyals), payment frequency, and any allowances or benefits. Contracts must detail the base wage and any fixed allowances (e.g. housing or transportation), as well as eligibility for bonuses or overtime pay[hrsd.gov.sa](https://www.hrsd.gov.sa/sites/default/files/2023-02/Labor.pdf#:~:text=1,items%20not%20conflicting%20with%20the)[truein.com](https://truein.com/gcc-blogs/saudi-arabia-employment-laws#:~:text=The%20Saudi%20Labour%20Law%20mandates,of%20the%20regular%20hourly%20wage). Note that employers must comply with minimum wage rules (SAR 4,000 for Saudi nationals in private sector) and register all employees with GOSI (social insurance) and the Council of Cooperative Health Insurance.
* **Probationary Period** – If applicable, the length of any probationary period[hrsd.gov.sa](https://www.hrsd.gov.sa/sites/default/files/2023-02/Labor.pdf#:~:text=Article%2053%20If%20the%20worker,right%20to%20terminate%20the%20contract). The probation and its duration must be expressly stated in the contract. (See “Probation Policy” below for limits.)
* **Leave Entitlements** – Reference to statutory leave (annual, sick, maternity, etc.) and any additional company leave. It may simply state “leave will be provided in accordance with Saudi Labor Law” or specify accrual and carry-over rules.
* **Termination and Notice** – The conditions under which the contract may be terminated. This includes the notice period required by either party (see below) and any statutory severance or compensation provisions. The contract should not conflict with the Labor Law’s termination rules.
* **Confidentiality and Other Clauses** – Optional clauses may include non-disclosure/confidentiality agreements, non-compete or non-solicitation covenants (if enforceable), and liquidated damages for unlawful termination. Qiwa’s standard contract form allows adding clauses on confidentiality and termination compensation[clydeco.com](https://www.clydeco.com/en/insights/2023/05/electronic-employment-contracts-through-qiwa#:~:text=Under%20optional%20clauses%2C%20an%20employer,termination%20for%20an%20invalid%20reason). Any additional terms must not violate labor law or overriding statutes.

Each contract should follow the model format prescribed by the Ministry: it must primarily include employer name/location, worker name/nationality/ID, place of work, agreed wage (with benefits/allowances), job type/location, employment start date, and fixed-term duration if applicable[hrsd.gov.sa](https://www.hrsd.gov.sa/sites/default/files/2023-02/Labor.pdf#:~:text=1,items%20not%20conflicting%20with%20the). Employers may add lawful terms (like confidentiality) by mutual agreement[hrsd.gov.sa](https://www.hrsd.gov.sa/sites/default/files/2023-02/Labor.pdf#:~:text=2,its%20Regulations%2C%20and%20relevant%20decisions)[clydeco.com](https://www.clydeco.com/en/insights/2023/05/electronic-employment-contracts-through-qiwa#:~:text=Under%20optional%20clauses%2C%20an%20employer,termination%20for%20an%20invalid%20reason). All clauses should be clear and unambiguous.

**Language and Registration Requirements**

Saudi regulations require that the Arabic language be used in all official employment documentation. **Contracts must be drafted (or formally translated) in Arabic**; if other languages are used, the Arabic text prevails[hrsd.gov.sa](https://www.hrsd.gov.sa/sites/default/files/2023-02/Labor.pdf#:~:text=Arabic%20shall%20be%20the%20language,unless%20otherwise%20stated%20in%20the). Each contract must be executed in duplicate with Arabic wording and signed by both parties[hrsd.gov.sa](https://www.hrsd.gov.sa/sites/default/files/2023-02/Labor.pdf#:~:text=Article%2051%20The%20employment%20contract,or%20order%20issued%20by%20the). Both the employer and the employee retain one copy of the signed contract.

In addition, all private-sector employment contracts must be electronically authenticated through the Ministry of HRSD’s Qiwa platform. Since May 2022, new contracts are generated and registered on Qiwa (replacing the earlier Mudad system)[clydeco.com](https://www.clydeco.com/en/insights/2023/05/electronic-employment-contracts-through-qiwa#:~:text=deadline%20being%20linked%20to%20headcount,generated%20and%20registered%20employment%20contracts). The employer must enter the contract details on Qiwa, which then requires the employee to review and accept via a secure link. Once both parties approve, the contract is officially authenticated and shared with the relevant authorities (GOSI, passport control, etc.)[riad-riad.com](https://riad-riad.com/key-reforms-to-saudi-labor-law-now-in-force-a-summary-of-the-2025-amendments/#:~:text=Regulation%20of%20the%20Law,the%20contract%20is%20authenticated%20automatically)[clydeco.com](https://www.clydeco.com/en/insights/2023/05/electronic-employment-contracts-through-qiwa#:~:text=deadline%20being%20linked%20to%20headcount,generated%20and%20registered%20employment%20contracts). Contracts not registered on Qiwa are considered non-compliant and legally unenforceable[connectalents.com](https://connectalents.com/new-saudi-labor-law-updates/#:~:text=A%20major%20shift%20in%20the,electronically%20are%20considered%20legally%20invalid)[riad-riad.com](https://riad-riad.com/key-reforms-to-saudi-labor-law-now-in-force-a-summary-of-the-2025-amendments/#:~:text=Regulation%20of%20the%20Law,the%20contract%20is%20authenticated%20automatically).

Note: Even when a Qiwa contract is used, companies typically provide employees with a printed or PDF offer letter outlining terms. However, the Qiwa-registered contract is the definitive record. Employers should ensure that any offline amendments or side agreements are also updated in Qiwa to maintain consistency and legal validity.

**Probationary Period**

A probationary period is permitted but must be clearly defined in the contract[hrsd.gov.sa](https://www.hrsd.gov.sa/sites/default/files/2023-02/Labor.pdf#:~:text=Article%2053%20If%20the%20worker,right%20to%20terminate%20the%20contract). By law, probation **must not exceed 90 days** (excluding official Eid or sick leave days)[hrsd.gov.sa](https://www.hrsd.gov.sa/sites/default/files/2023-02/Labor.pdf#:~:text=Article%2053%20If%20the%20worker,right%20to%20terminate%20the%20contract). Under the 2025 labor law amendments, employers may effectively set probation up to 180 days if both parties agree[riad-riad.com](https://riad-riad.com/key-reforms-to-saudi-labor-law-now-in-force-a-summary-of-the-2025-amendments/#:~:text=The%20maximum%20permissible%20probation%20period,consecutive%20days%20from%20the%20outset). Regardless, the probation term must be explicitly written in the contract and agreed by both sides[hrsd.gov.sa](https://www.hrsd.gov.sa/sites/default/files/2023-02/Labor.pdf#:~:text=Article%2053%20If%20the%20worker,right%20to%20terminate%20the%20contract). No employee may be placed on probation more than once by the same employer, except for a different role or after a six-month break in service[hrsd.gov.sa](https://www.hrsd.gov.sa/sites/default/files/2023-02/Labor.pdf#:~:text=A%20worker%20may%20not%20be,service%20award).

During probation, either party can terminate the contract (typically with minimal notice, often one day) without cause or end-of-service compensation. If the contract is ended during probation, **no severance award** is due to either party[hrsd.gov.sa](https://www.hrsd.gov.sa/sites/default/files/2023-02/Labor.pdf#:~:text=A%20worker%20may%20not%20be,service%20award). The employee may request immediate release, and the employer may lawfully dismiss the worker without specifying a reason.

**Practical policy:** Probationary terms should be limited to the initial 90-day period in most cases, with extensions only by mutual written agreement (capped at 180 days total)[hrsd.gov.sa](https://www.hrsd.gov.sa/sites/default/files/2023-02/Labor.pdf#:~:text=Article%2053%20If%20the%20worker,right%20to%20terminate%20the%20contract)[riad-riad.com](https://riad-riad.com/key-reforms-to-saudi-labor-law-now-in-force-a-summary-of-the-2025-amendments/#:~:text=The%20maximum%20permissible%20probation%20period,consecutive%20days%20from%20the%20outset). HR should document all terminations during probation in writing (using a simple notice of completion or release).

**Contract Signing, Renewal, Amendment, and Termination**

* **Signing:** Every new hire must sign an employment contract (both parties sign in Arabic)[hrsd.gov.sa](https://www.hrsd.gov.sa/sites/default/files/2023-02/Labor.pdf#:~:text=Article%2051%20The%20employment%20contract,or%20order%20issued%20by%20the). The employer should simultaneously generate and authenticate the contract on Qiwa[riad-riad.com](https://riad-riad.com/key-reforms-to-saudi-labor-law-now-in-force-a-summary-of-the-2025-amendments/#:~:text=Regulation%20of%20the%20Law,the%20contract%20is%20authenticated%20automatically)[clydeco.com](https://www.clydeco.com/en/insights/2023/05/electronic-employment-contracts-through-qiwa#:~:text=When%20an%20employee%20is%20registered,additional%20clauses). The signed hard copy and the Qiwa record together constitute the official contract. HR must register the employee with GOSI and notify the Labor Office as required by Article 15.
* **Renewal:** For fixed-term contracts, renewal requires mutual written agreement before the end date. If a fixed-term contract expires and the employee continues working without a new agreement, it automatically converts to an indefinite-term contract[hrsd.gov.sa](https://www.hrsd.gov.sa/sites/default/files/2023-02/Labor.pdf#:~:text=Article%2055%201.%20A%20fixed,the%20contract%20is%20renewed%20for) (subject to Article 37 for expatriates). Renewal clauses can specify one or more extensions. However, after three renewals (or four years total service), any further continuation turns the contract into open-ended[hrsd.gov.sa](https://www.hrsd.gov.sa/sites/default/files/2023-02/Labor.pdf#:~:text=2.%20If%20a%20fixed,become%20an%20indefinite%20term%20contract). HR should issue a renewal addendum or new contract via Qiwa before the term ends, or allow conversion to indefinite if that suits business needs. Renewal periods count toward total service for all legal entitlements[hrsd.gov.sa](https://www.hrsd.gov.sa/sites/default/files/2023-02/Labor.pdf#:~:text=Article%2056%20In%20all%20cases,the%20worker%E2%80%99s%20period%20of%20service).
* **Amendments:** Any change to contract terms (e.g. salary adjustment, title change, work location) must be documented in writing. In practice, material amendments should be processed through Qiwa as a new contract or as a contract amendment so authorities have a current record. Both parties must sign the amendment. The employer must provide the updated terms to the employee (in Arabic) and maintain a signed copy on file.
* **Termination Notice (Indefinite Contracts):** An indefinite contract may be terminated by either party with valid cause or in accordance with labor law notice requirements. For monthly-paid workers, at least **60 days’ written notice** is required; for workers paid daily or hourly, **30 days’ notice**[hrsd.gov.sa](https://www.hrsd.gov.sa/sites/default/files/2023-02/Labor.pdf#:~:text=Article%2075%20If%20the%20contract,monthly%20wages). This notice must be given in writing. If notice is not observed, the terminating party owes the other compensation equal to the worker’s wage for the notice period[hrsd.gov.sa](https://www.hrsd.gov.sa/sites/default/files/2023-02/Labor.pdf#:~:text=Article%2076%20If%20the%20party,agree%20on%20a%20greater%20compensation). For example, if an employer dismisses a monthly-salaried employee without the 60-day notice, the employer must pay two months’ salary as compensation.
* **Termination Notice (Fixed-Term Contracts):** Fixed-term contracts normally end on the agreed date without notice. If either party wishes to end a fixed contract early, they should apply similar notice (typically 30 days by the worker and 60 days by the employer if salaries are monthly)[riad-riad.com](https://riad-riad.com/key-reforms-to-saudi-labor-law-now-in-force-a-summary-of-the-2025-amendments/#:~:text=The%20Amendments%20distinguish%20between%20notice,contracts%20involving%20monthly%20wage%20payments), subject to agreement. Otherwise, ending a fixed contract early may amount to breach (entitling the other party to compensation equal to the remaining term). If the contract simply expires, the employer owes the worker only the end-of-service benefits and any unpaid wages; no advance notice is legally required.
* **Resignation:** A resignation must be submitted in writing. Under recent amendments, if the employee gives notice and the employer does not respond within 30 days, the resignation is deemed accepted[connectalents.com](https://connectalents.com/new-saudi-labor-law-updates/#:~:text=,7%20days%2C%20unless%20already%20accepted). The employee may withdraw a resignation within 7 days unless already accepted. (These rules supplement, but do not override, general termination rules.)
* **Final Settlement:** On termination (voluntary or involuntary), the employer must promptly pay all final dues: unpaid wages, unused leave, end-of-service benefits, and any agreed gratuity. Under Article 77, unless the contract provides otherwise, severance is **15 days’ wage per year of service** for indefinite-term terminations, or pay for the remainder of the term for fixed contracts[hrsd.gov.sa](https://www.hrsd.gov.sa/sites/default/files/2023-02/Labor.pdf#:~:text=Unless%20the%20contract%20includes%20specific,worker%E2%80%99s%20wage%20for%20two%20months). A work completion certificate stating employment dates and last wage must be provided free of charge[hrsd.gov.sa](https://www.hrsd.gov.sa/sites/default/files/2023-02/Labor.pdf#:~:text=Unless%20the%20contract%20includes%20specific,worker%E2%80%99s%20wage%20for%20two%20months).

Throughout termination proceedings, the company must comply with lawful causes for dismissal (per Article 80 of the Labor Law) and allow the employee to appeal internally or to the Ministry if needed.

**Compliance and References**

All practices under this policy derive from the Saudi Labor Law (Royal Decree No. M/51 of 23 Sha’ban 1426H (Sept 27, 2005)) and its amendments (including Royal Decree 51/M of 1446H, effective Feb 2025)[riad-riad.com](https://riad-riad.com/key-reforms-to-saudi-labor-law-now-in-force-a-summary-of-the-2025-amendments/#:~:text=On%2019%20February%202025%20,key%20changes%20are%20summarized%20below). Key legal provisions include Articles 9 (Arabic language)[hrsd.gov.sa](https://www.hrsd.gov.sa/sites/default/files/2023-02/Labor.pdf#:~:text=Arabic%20shall%20be%20the%20language,unless%20otherwise%20stated%20in%20the), 37 (fixed-term for non-Saudis)[hrsd.gov.sa](https://www.hrsd.gov.sa/sites/default/files/2023-02/Labor.pdf#:~:text=Article%2037%20The%20employment%20contract,Article%2038), 51–53 (contract execution and probation)[hrsd.gov.sa](https://www.hrsd.gov.sa/sites/default/files/2023-02/Labor.pdf#:~:text=Article%2051%20The%20employment%20contract,or%20order%20issued%20by%20the)[hrsd.gov.sa](https://www.hrsd.gov.sa/sites/default/files/2023-02/Labor.pdf#:~:text=Article%2053%20If%20the%20worker,right%20to%20terminate%20the%20contract), 75–77 (termination notice and severance)[hrsd.gov.sa](https://www.hrsd.gov.sa/sites/default/files/2023-02/Labor.pdf#:~:text=Article%2075%20If%20the%20contract,monthly%20wages)[hrsd.gov.sa](https://www.hrsd.gov.sa/sites/default/files/2023-02/Labor.pdf#:~:text=Unless%20the%20contract%20includes%20specific,worker%E2%80%99s%20wage%20for%20two%20months), and others cited above. HR must stay current with Ministry of HRSD regulations (e.g. Qiwa requirements[riad-riad.com](https://riad-riad.com/key-reforms-to-saudi-labor-law-now-in-force-a-summary-of-the-2025-amendments/#:~:text=Regulation%20of%20the%20Law,the%20contract%20is%20authenticated%20automatically)) and ensure that all contracts and procedures fully comply with Saudi labor law. Non-compliance can lead to fines, invalidation of contracts, and labor complaints, so strict adherence is essential.

**Sources:** Official Saudi Labor Law (Ministry HRSD) and authoritative guides on Saudi employment practice[hrsd.gov.sa](https://www.hrsd.gov.sa/sites/default/files/2023-02/Labor.pdf#:~:text=Article%2051%20The%20employment%20contract,or%20order%20issued%20by%20the)[hrsd.gov.sa](https://www.hrsd.gov.sa/sites/default/files/2023-02/Labor.pdf#:~:text=Arabic%20shall%20be%20the%20language,unless%20otherwise%20stated%20in%20the)[clydeco.com](https://www.clydeco.com/en/insights/2023/05/electronic-employment-contracts-through-qiwa#:~:text=deadline%20being%20linked%20to%20headcount,generated%20and%20registered%20employment%20contracts)[riad-riad.com](https://riad-riad.com/key-reforms-to-saudi-labor-law-now-in-force-a-summary-of-the-2025-amendments/#:~:text=Regulation%20of%20the%20Law,the%20contract%20is%20authenticated%20automatically)[hrsd.gov.sa](https://www.hrsd.gov.sa/sites/default/files/2023-02/Labor.pdf#:~:text=Article%2055%201.%20A%20fixed,the%20contract%20is%20renewed%20for).