**Compensation & Benefits — Employee Policy (Kingdom of Saudi Arabia)**

**Applies to:** All employees of [Company Name] working in the Kingdom of Saudi Arabia.  
**Purpose:** To tell you clearly what you will be paid, what benefits you receive, how pay is calculated, and what happens when employment ends.

**1. Your Salary (Base Pay)**

* Your **base salary** is the fixed monthly cash amount shown in your employment contract. It is paid in Saudi Riyals (SAR).
* Salary is paid by bank transfer through the Wage Protection System (WPS). You will receive a payslip each pay date showing gross pay, itemised allowances, deductions and net pay.
* The Arabic version of your contract is the controlling legal text. All contract terms are registered in Qiwa as required by law.

**2. Allowances and Benefits (what may be added to your salary)**

The contract will list any of the following that apply to you:

* **Housing allowance** or company-provided accommodation.
* **Transport allowance** or company vehicle (with terms).
* **Communication / mobile allowance.**
* **Meal allowance** (if stated).
* **Education allowance, relocation allowance,** or **other benefits** if specified in your contract.

Allowances are paid as fixed amounts (unless stated otherwise) and are shown on your payslip.

**3. Overtime & Shift Premiums**

* If you work more than your standard working hours (as per your contract / company working-hours policy), that extra time is **overtime**. Overtime is paid at **150% of your hourly rate** (that is, your hourly wage + 50%) unless you and the Company agree in writing to take paid compensatory time off instead.
* Work on official weekly rest days or public holidays is treated as overtime and paid at the overtime rate.
* Your payslip will show overtime hours and the overtime payment.

**Two accepted methods we may use to calculate hourly pay** are shown in the examples at the end (Method A and Method B). The Company will specify which method it uses in your contract and on the payslip.

**4. Statutory Social Insurance (GOSI)**

* The Company registers eligible employees with the General Organization for Social Insurance (GOSI) and makes the statutory contributions.
* Your GOSI (employee) contribution will be shown on your payslip as a deduction. The employer’s share is paid separately by the Company. Contribution rates are set by GOSI and may change — the exact rate is shown on the payslip when applied.

**5. Health Insurance**

* The Company provides health insurance as required by Saudi law. For expatriates, this is mandatory and includes the medical benefits required by the Council of Cooperative Health Insurance (CHI).
* The policy schedule (what it covers, co-pays, dependants) is available from HR.

**6. Bonuses, Commissions & Variable Pay**

* **Annual bonus**: if the Company operates a bonus scheme, the criteria, eligibility and payment timing will be stated in the annual bonus plan. A bonus is paid only when earned and in accordance with the plan rules.
* **Sales commissions**: commission plans define how commission is earned and paid (formula, payment frequency). Commissions are paid only for sales that meet the plan terms.
* **Spot/recognition awards**: ad hoc awards are discretionary.

All variable pay elements that are due to you will appear on your payslip with the relevant period shown.

**7. End-of-Service Benefit (Gratuity)**

When your employment ends, you are entitled to an **End-of-Service Benefit (ESB)** calculated under Saudi labour law. The usual formula applied by the Company is:

* For the first 5 years of service: **½ month’s pay for each year**.
* After 5 years of service: **1 month’s pay for each subsequent year**.
* Partial years are calculated pro-rata.

The Company will compute your exact ESB at termination and pay it in your final settlement.

**Worked ESB example (digit-by-digit)**  
Suppose your last monthly wage = **SAR 9,000** and your total service = **7 years**.

1. Half-month = 0.5 × 9,000 = **SAR 4,500**.
2. First 5 years: 5 × 4,500 = **SAR 22,500**.
3. Years 6–7: 2 × (1 × 9,000) = **SAR 18,000**.
4. Total ESB = 22,500 + 18,000 = **SAR 40,500**.  
   (The final ESB will be calculated precisely by HR at termination and may vary in special legal cases.)

**8. Final Pay & Settlement on Termination**

On termination you will receive:

* Unpaid salary up to the termination date.
* Any unpaid overtime and variable pay that has been earned and approved.
* Payment for accrued unused annual leave (pro-rata) unless local law or contract states otherwise.
* Your ESB (as above), unless the law provides otherwise for a particular case.
* Any contractual entitlements (e.g., agreed repatriation or relocation allowances where in the contract).

All final payments are paid via WPS and will be shown on a final payslip and settlement statement.

**9. Deductions**

The Company can only deduct from your salary when the deduction is:

* Statutory (e.g., your GOSI contribution), or
* Agreed in writing by you (e.g., repayment of an advance), or
* Ordered by a court or government agency.

The payslip will show every deduction and the reason for it.

**10. Payslips & Payment Dates**

* You will receive a payslip for each pay period showing: gross pay, allowances, overtime, bonuses, total deductions (including GOSI), and net pay.
* Pay date and pay frequency are stated in your contract (normally monthly). If the pay date falls on a public holiday, the Company will make payments on the prior working day unless otherwise notified.

**11. Salary Review & Promotions**

* The Company performs salary reviews and promotions per its internal policies. Any change to your base salary or allowances will be communicated in writing and confirmed in your contract or an official contract amendment.

**12. Expat Packages, Housing & Relocation (if applicable)**

If your contract includes accommodation, housing allowance, relocation support or education allowance for dependants, the contract will state the precise amounts, duration and conditions (e.g., receipts required, caps, or repayment on early departure).

**13. Salary Advances & Loans**

* The Company may, at its discretion and with signed employee consent, provide salary advances or loans. Terms (repayment schedule and deductions) are agreed in writing prior to disbursement.

**14. Confidentiality of Pay Information**

* Your pay details are personal and confidential. Only the employees who need to know (HR, Payroll, Manager as appropriate) have access. The Company processes pay data in accordance with applicable data protection rules.

**15. How to check or query your pay**

If you have any question about your salary, payslip, deductions or benefits:

1. Check your payslip and the contract first (the payslip shows the basis for every payment and deduction).
2. If still unclear, send a written query to **payroll@[company].sa** or open a ticket with HR. Provide your Employee ID, payslip date, and a short description of the issue. HR will respond within the Company’s standard response timeframe.

**16. Important legal notes (short)**

* The Arabic contract text is legally controlling. Contracts and certain employment records are registered on Qiwa as required by Saudi law.
* GOSI, WPS, minimum-wage rules and health-insurance requirements are set by Saudi authorities and may change; the Company will apply the current statutory rules.

**17. Examples — how payments are calculated (clear, step-by-step)**

**A — Daily & hourly rate (Method A — simple)**

Many payslips use the “monthly ÷ 30” method:

* Monthly salary = **SAR 9,000**.

1. Daily rate = 9,000 ÷ 30 = **SAR 300**.
2. Hourly rate (for an 8-hour day) = 300 ÷ 8 = **SAR 37.50**.
3. Overtime hourly (×1.5) = 37.50 × 1.5 = **SAR 56.25**.
4. If you work 2 hours overtime: 2 × 56.25 = **SAR 112.50**.

**B — Monthly-hours method (Method B — precise for weekly-hour contracts)**

This uses actual monthly working hours (48 hrs/week example):

* Monthly working hours = (48 × 52) ÷ 12 = **208** hours.
* Monthly salary = **SAR 9,000**.

1. Hourly rate = 9,000 ÷ 208 = **SAR 43.26923077**.
2. Overtime hourly (×1.5) = 43.26923077 × 1.5 = **SAR 64.90384615**.
3. If you work 2 hours overtime: 2 × 64.90384615 = **SAR 129.8076923** → round as shown on payslip (SAR 129.81).

The Company will state on your payslip which calculation method is used. Always refer to the payslip for final rounded values.