

Saudi Arabia implements Expat levy

July 2017

In brief

Effective 1 July 2017 Saudi Arabia has implemented an Expat levy which is currently applicable to dependants and will be extended to employees from next year if the company they work for hires more foreign nationals than Saudi nationals.

In detail

Further to our client alert released in January 2017 as part of the Budget for 2017, Saudi Arabia have now implemented a monthly levy on sponsoring foreign nationals. This levy, which pertains to both employees and their dependants, will gradually increase over a period of four years. The fee is payable in advance of issuing a new Exit/Re-Entry Permit or *Iqama* (residence permit).

The changes are as follows:

For the year 2017:

From 1 July 2017, foreign nationals will have to pay a monthly fee of SAR 100 (approximately USD 27) for each dependant they sponsor

For the year 2018:

Foreign nationals will have to pay a monthly fee of SAR 200 (approximately USD 53) for each dependant they sponsor

Companies employing more foreign nationals than Saudi nationals will have to pay a monthly fee of SAR 400 (approximately USD 106) per foreign national employee or SAR 300 (approximately USD 80) if they employ more Saudi nationals

For the year 2019:

Foreign nationals will have to pay a monthly fee of SAR 300 for each dependant they sponsor

Companies employing more foreign nationals than Saudi nationals will have to pay a monthly fee of SAR 600 (approximately USD 160) per foreign national employee or SAR 500 (approximately USD 133) if they employ more Saudi nationals

For the year 2020:

Foreign nationals will have to pay a monthly fee of SAR 400 for each dependent they sponsor

Companies employing more foreign nationals than Saudi nationals would have to pay a monthly fee of SAR 800 (approximately USD 213) per foreign national employee or SAR 700 (approximately USD 187) if they employ more Saudi nationals

The takeaway

The proposed changes are in line with the country's vision to diversify its sources of income as well as measures to improve the representation of Saudi nationals in the private sector.

Although similar levies (for employees only) are already in place, currently companies that employ more Saudi nationals compared to foreign nationals are exempt from the levy rather than being subject to a discounted rate as the new rules propose.

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