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# Saudi Arabia eases expat levy requirement for “smaller” entities

January 2018

## In brief

The Saudi Arabian (KSA) Ministry of Labour and Social Development (MOLSD) has confirmed that entities with five or less employees are exempt from paying the expat levy that is effective from 1 January 2018.

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## In detail

The Ministry of Labour and Social Development (MOLSD) has confirmed that entities with five or less employees are exempt from paying the expat levy. Branch offices of general recruitment firms and recruitment offices for domestic help will also be exempt, regardless of their headcount. The current phase of the expat levy came into effect on 1 January 2018, and the levies will be gradually increased until 2020:

### **For the Year 2018:**

- Foreign nationals will have to pay a monthly fee of SAR 200 for each dependant they sponsor
- Companies employing more foreign nationals than Saudi nationals will have to pay a monthly fee of SAR 400 per foreign national employee - SAR 300 for companies employing 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 per foreign national employee - SAR 500 for companies employing more Saudi nationals

### **For the Year 2020:**

- Foreign nationals will have to pay a monthly fee of SAR 400 for each dependant they sponsor
- Companies employing more foreign nationals than Saudi nationals will have to pay a monthly fee of SAR 800 per foreign national employee - SAR 700 for companies employing more Saudi nationals

## The takeaway

Entities operating in Saudi Arabia should account for the expat levies when planning their mobility needs. Expat employee levies are to be paid at the time of work permit issuance or renewal, effectively increasing government processing fees for obtaining work authorisation. The authorities have also confirmed that the levy will be payable for all expat employees above the threshold of five, for example, entities with nine expat employees will have to pay the levy for four employees. Additionally the levy will not apply to spouses of Saudi citizens, citizens of GCC countries, and non-Saudi children of Saudi women.

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