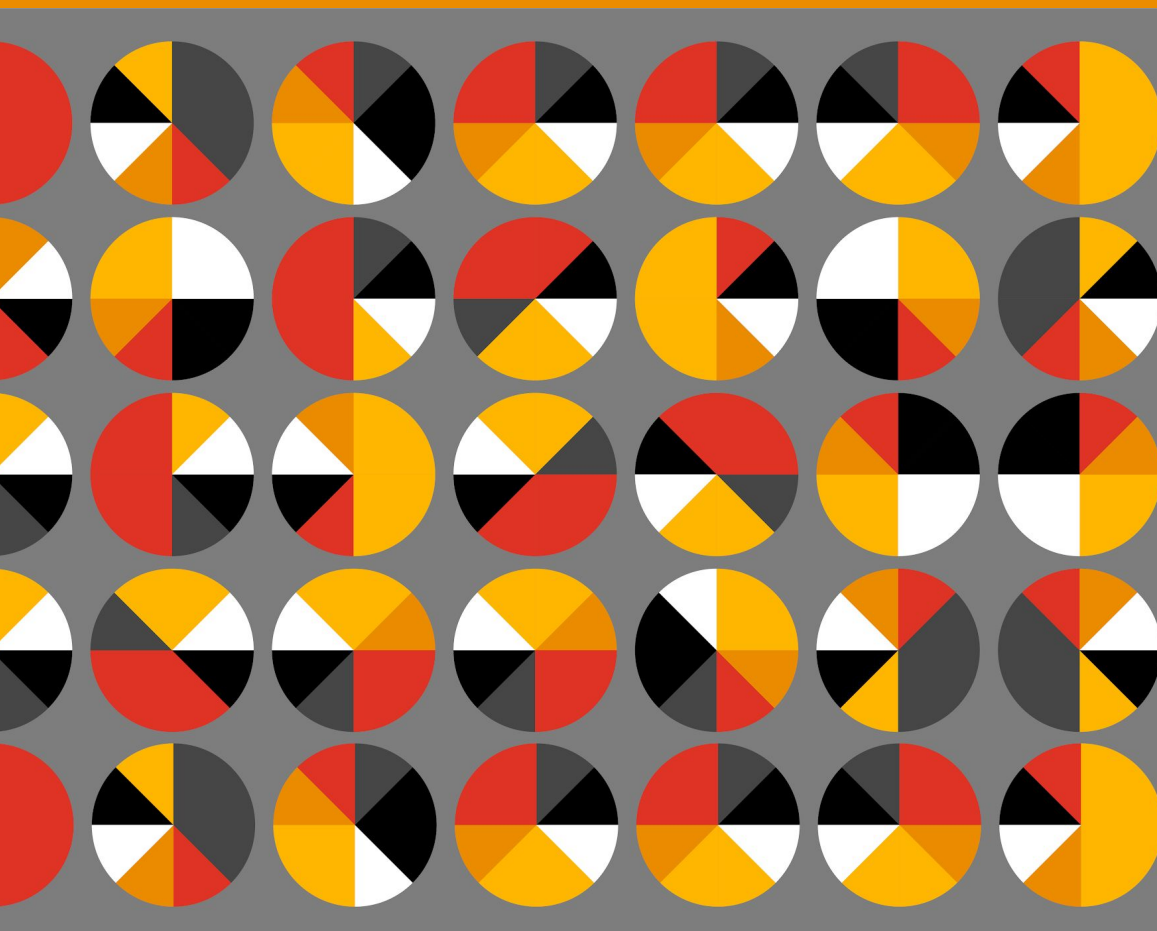


# Bahrain: Wage protection system (WPS) - Implementation update

April 2021



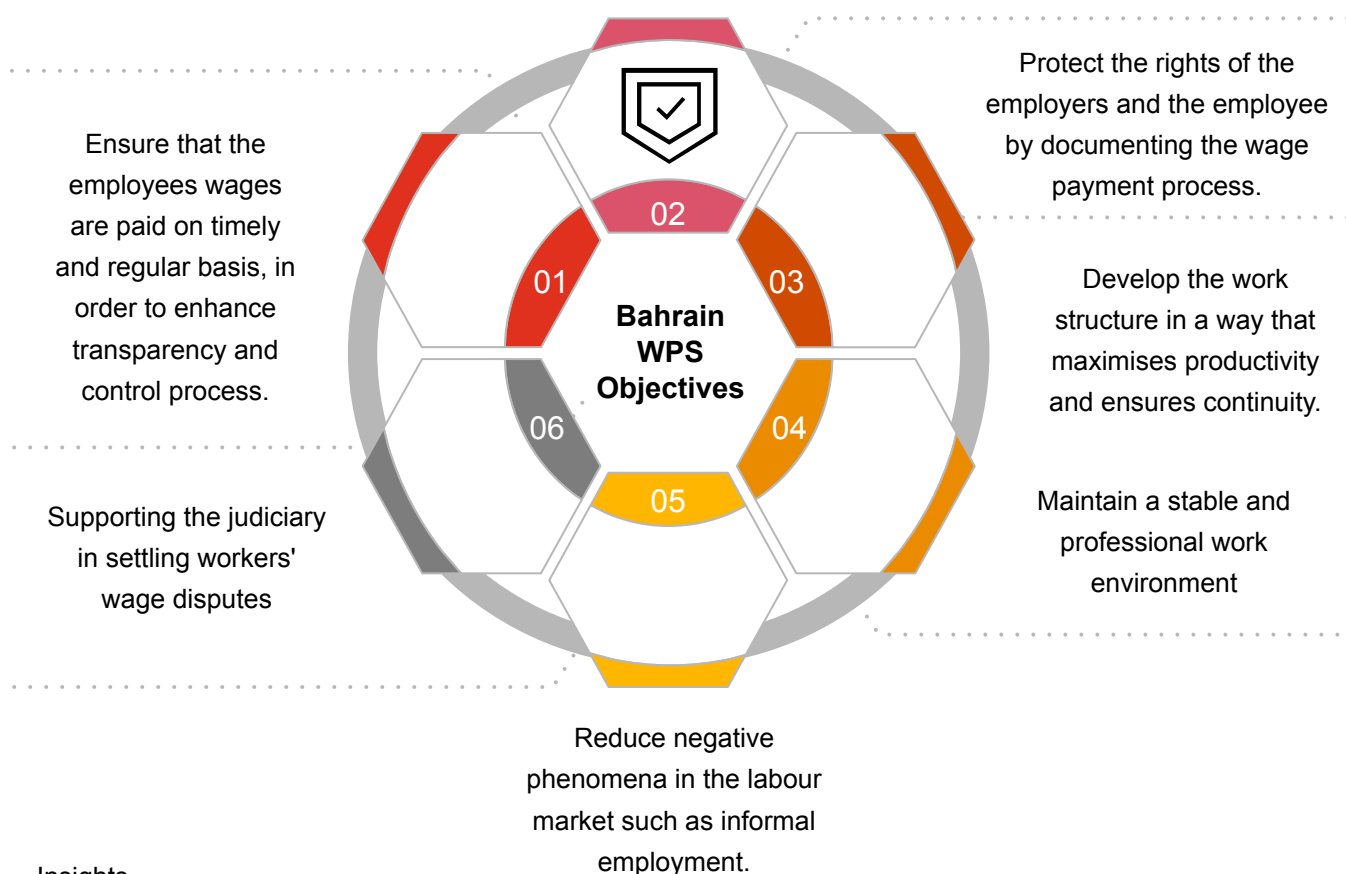
## In brief

The Wage Protection System (“WPS”) has operated for several years now across the GCC (with the exception of Bahrain) and served as a useful means of codifying, regulating and ensuring the timely payment of employee salaries as well as providing an effective method for monitoring employer non-compliance. Back in 2009, the UAE was the first of the GCC countries to formally enact the WPS regime, with the KSA (2013), Oman (2014), Qatar (2015) and Kuwait (2015) following suit soon after. Bahrain will now complete the GCC set by introducing WPS on a phased basis from May 2021. In this brief update, we outline updates to the Bahrain WPS regime as well as guidelines and timelines for Bahrain WPS phases.

## In detail

Of the six GCC countries, Bahrain’s implementation of the WPS was subject to several delays but the Labour Market and Regulatory Authority (the “LMRA”) has recently announced that the WPS will now be implemented in Bahrain, starting in May 2021.

The WPS has for several years operated as a transparent means of securing the timely payment of employee salaries and regulating employer non-compliance. In-scope employers are obliged to pay salaries in local currency at least once a month into a locally regulated bank account. The objective of the WPS regime is to safeguard the rights, and ultimately protect the interests of employees working in Bahrain.



The WPS regime in Bahrain will be implemented on a phased basis, targeting large, medium and small sized companies as detailed below. The **LMRA** has provided the following guidelines and timeline with respect to the phases, start dates and size of companies:

| Phase          | Start Date       | Company Size          |
|----------------|------------------|-----------------------|
| <b>Phase 1</b> | 1 May 2021       | 500 or more employees |
| <b>Phase 2</b> | 1 September 2021 | 50-499 employees      |
| <b>Phase 3</b> | 1 January 2022   | 1-49 employees        |

**Companies will be granted a six-month grace period to become compliant.**

## The takeaway

In light of the new WPS regime in Bahrain, employers operating in Bahrain will need to ensure that they are prepared for the launch of the WPS regime and that their payroll is structured to accommodate the payment of salary in local currency and into local regulated bank accounts, in alignment with the new WPS regime.

Companies should review their workforces to ensure that any relevant labour hires, in particular expatriate populations, are covered by relevant employment contracts in Bahrain meeting local labour law requirements, and such employees have access to local banking offerings in Bahrain to facilitate payments under WPS going forward.

[www.pwc.com/me](http://www.pwc.com/me)

## Let's talk

For a deeper discussion of how this issue might affect your business, please contact:

### Stephen Drake

Middle East Global Mobility Leader

T: +974 (0) 4 419 2831

[stephen.drake@pwc.com](mailto:stephen.drake@pwc.com)

### Tanvir Anwar

Middle East Global Mobility Director

T: 971 (56) 226 1009

[Tanvir.anwar@pwc.com](mailto:Tanvir.anwar@pwc.com)