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AMENDMENTS TO THE SAUDI ARABIAN LABOR LAW

The recent amendments to Saudi Labor Law enhance flexibility and protection for employers and employees. Key points include revised contract termination rules, stricter housing and transportation requirements, extended maternity leave, and penalties for unlicensed employee lending and discrimination. These changes seek to provide fair treatment and balance workplace interests.



After approval by the Council of Ministers of Saudi Arabia, the Ministry of Human Resources & Social Development issued a guide showing all of the changes and amendments to the Saudi Labor Law. The changes will come into effect after a period of 180 days from the date of publication in the official gazette.



Human Resources and
Social Development

The changes are aimed at providing flexibility to both parties as well as protecting the interests of both parties.

Significant changes have been made to the termination of employment contracts.

An employee under a 'specified term' employment contract can now request termination of the contract before its expiration.

The resignation will become effective from the date of acceptance by the employer or if there is no response by the employer for (30) days from the date of notification of resignation.

However, the employer may require the employee to work for a maximum period of (60) days if the work situation so demands.

This will have to be conveyed to the employee in writing within the (30) day period providing therein justification for such a request.

As far as an 'unspecified period contract' is concerned, the notice period by an employee to end an indefinite period contract for a valid reason is reduced to (30) days, whereas the employer will continue to be obliged to give (60) days' notice. Besides other holidays and leaves that are available currently, the employee will also be entitled to (3) days paid bereavement leave in case of death of a sibling. The maternity leave has been extended to be (12) weeks.

The employer will continue to be responsible for all charges related to the renewal of residence permits and work permits. However, the employer will be responsible for fines and penalties only if the delay is attributable to him.

Although it is customary for employers to provide housing and transportation, the amendments specifically require provision of these facilities or reasonable allowances in lieu of the previously mentioned facilities.

The employer with the consent of employee may give paid leave in lieu of overtime.

Unlike the current provision related to probation wherein the initial probation period could be extended for an additional period of (90) days only with the consent of the employee, the employers will be able to provide for probation of 180 days straightway in the contract.

However, both parties will have the right to terminate the employment contract without notice or compensation during the probation period.

While companies will be able to lend or make available their employees to others provided that they have the relevant license, the Law provides for a penalty in the amount between SR. 200,000 and SR. 500,000 for engaging in such an activity or engaging in recruitment of manpower for others without the required license.

In case an employer is restricted from renewing the work permits of employees due to non-fulfillment of Saudization parameters, the affected employees will be able to transfer their sponsorship without requiring consent from the employer.

The employers will be specifically restricted from indulging in any act of discrimination while recruiting employees, including discrimination on account of race, color, gender, physical disability, or age.