

Kuwait

Payroll & Employment Law Guide

2026 Edition · Last updated June 2026

Labour Law No. 6/2010 (as amended) · AS'HAL Portal (1 November 2025) · PAM Resolutions 1 & 15/2025

Overview —

A reference for employing in Kuwait

Kuwait pairs a tax-free salary environment with a Labour Law framework (No. 6/2010, as amended) that is administered through the Public Authority for Manpower. There is no personal income tax, yet employers carry defined obligations for working hours, leave, PIFSS social insurance on Kuwaiti nationals, wage protection through WPS and the AS'HAL portal, and end-of-service gratuity. Employment contracts must be written in Arabic and registered with PAM.

Two structural changes shape 2026 payroll: the AS'HAL Salary Portal became mandatory on 1 November 2025, linking salaries to work permits with a 5th-of-month deadline, and PAM Resolutions 1 and 15/2025 tightened permit registration and moved daily working schedules fully electronic. Each is covered in the sections that follow.

0%	30 _d	11.5%	18 _{mo}
PERSONAL INCOME TAX	ANNUAL LEAVE ENTITLEMENT	PIFSS EMPLOYER RATE (NATIONALS)	EOSB GRATUITY CAP

WHAT THIS GUIDE COVERS

I	Company Setup & Key Platforms	Entity types plus the 2025/2026 changes to AS'HAL and PAM permit registration.
II	Working Hours & Leave	Annual, sick, maternity, Hajj and bereavement leave, with summer and night-shift limits.
III	Social Security — PIFSS	The two-tier contribution structure for Kuwaiti nationals and the expatriate exemption.
IV	End-of-Service — EOSB	Gratuity on termination versus resignation, the salary base and the 18-month cap.
V	Payroll Operations — WPS & AS'HAL	Bank transfer, the AS'HAL salary portal and the 5th-of-month filing deadline.
VI	Hiring & Termination	Arabic contracts, probation, salary-reduction consent and the notice-period regime.
VII	Practical Notes	The checks that prevent the most common and most costly Kuwait payroll errors.

I —

Company Setup & Key Platforms

Foreign employers can operate through a local entity or an Employer of Record. Company formation is administered alongside the Public Authority for Manpower, which controls work permits and now links every salary to a permit through the AS'HAL portal. Two PAM resolutions issued in 2025 changed how permits are registered and how attendance is recorded.

ENTITY TYPES

STRUCTURE	WHEN IT IS USED
WLL / KSC	Local partner requirement in some sectors; foreign capital ratio varies by activity
Branch / Rep Office	Ministry approval required before operating
► EOR	Handles PAM, PIFSS, WPS and AS'HAL compliance without a local entity

2025 / 2026 KEY CHANGES

CHANGE	WHAT IT MEANS
► AS'HAL Salary Portal (1 Nov 2025)	Salaries linked to work permits and submitted by the 5th of each month; the portal is now mandatory.
PAM Resolution 1/2025	Companies with unresolved violations cannot register new work-permit files.
PAM Resolution 15/2025	Daily working schedules must be submitted electronically; paper attendance records are abolished.

Why the platform layer matters

Permit, salary and attendance data now converge in PAM's e-systems. An unresolved violation blocks new permit files, and a salary that is not mirrored in AS'HAL breaks the link to the work permit. Reconcile all three before every pay run.

II

Working Hours & Leave

The Labour Law sets out annual, sick, maternity, Hajj and bereavement leave. Annual leave accrues at 30 working days and unused balance is cashed out on termination. Sick leave runs on a sliding scale over an annual maximum of 75 days, and summer and night-shift limits apply to specific categories of work.

TYPE	ENTITLEMENT	KEY RULE
► Annual leave	30 working days (after 9 months / 1 year)	Carry-over max 2 years; unused balance cashed out on termination
Sick leave (annual max 75 days)	Days 1–15: 100%; 16–25: 75%; 26–35: 50%; 36–45: 25%; 46–75: unpaid	Medical certificate required; sick leave separate from annual
Maternity leave	70 days paid (max 30 before, 40 after delivery)	+4 months unpaid; nursing 2×1 hr/day for 2 years
Hajj leave	21 days paid, once per career	Muslim employees; ≥ 2 years' service with same employer
Bereavement	3 days paid	1st or 2nd degree relative

Work restrictions

Outdoor work is banned **11:00–16:00** during the summer months (June–September). Night shifts (**19:00–06:00**) are prohibited for female employees except in approved establishments such as hotels, clinics and pharmacies.

III

Social Security — PIFSS

There is no personal income tax in Kuwait. Social insurance runs through PIFSS, which covers Kuwaiti nationals only. Expatriates are fully exempt. Contributions follow a two-tier structure split at KWD 1,500 per month, with a separate employee gratuity component in the basic tier.

PIFSS TWO-TIER STRUCTURE (2026)

SALARY BAND	EMPLOYER	EMPLOYEE	NOTES
▶ KWD 230–1,500/mo (basic tier)	11.5%	10.5%	Employee = 8% + 2.5% gratuity contribution (since January 2015)
KWD 1,501–2,750/mo (supplementary)	11.5%	8%	No additional 2.5% on amounts above KWD 1,500
Above KWD 2,750/mo	—	—	Ceiling; excess not subject to PIFSS

REGISTRATION & GULF-STATE NATIONALS

- Kuwaiti employees must be registered with PIFSS by the **5th of the following month**.
- **Late registration penalty:** 1% per month on contributions owed.
- **Gulf-state nationals** contribute at their home-country rates via PIFSS.

MINIMUM WAGE & MARKET BENCHMARKS (EXPATRIATES)

CATEGORY	AMOUNT	NOTES
Expatriate private sector	KWD 75/mo (~USD 245)	Legal floor; market pay well above this

Average gross salary (2026) KWD 850–950/mo (~USD 2,750–3,100) Benchmark; varies by sector

On the two-tier split

The employee rate changes at KWD 1,500 (10.5% below, 8% above). A payroll system that applies a single flat rate across the whole salary will mis-deduct for higher earners; both tiers must be configured.

IV

End-of-Service — EOSB

End-of-service gratuity is calculated on the full recurring salary: basic pay plus obligatory allowances, commissions and bonuses, excluding expense allowances and profit shares. The total is capped at 18 months' salary. The amount an employee receives on resignation is scaled by tenure.

SALARY BASE FOR THE GRATUITY

- **Included:** basic salary plus obligatory allowances, commissions and bonuses.
- **Excluded:** expense allowances and profit shares.
- **Cap:** the total gratuity may not exceed 18 months' salary.

EMPLOYER-INITIATED TERMINATION OR CONTRACT EXPIRY

TENURE	ENTITLEMENT PER COMPLETED YEAR
First 5 years	15 days' full salary
Year 6 onward	1 full month's salary
► Maximum total	18 months' salary

EMPLOYEE RESIGNATION

TENURE AT RESIGNATION	ENTITLEMENT
Less than 3 years	None
3 to less than 5 years	⅓ of full gratuity
5 to less than 10 years	⅔ of full gratuity
► 10 years and above	Full gratuity

Worked example

Employee with 7 years at KWD 1,200/month. Years 1–5: $5 \times 15 \times (1,200 \div 30) = \text{KWD } 3,000$. Years 6–7: $2 \times 1,200 = \text{KWD } 2,400$. Total = **KWD 5,400**. Cap check: $18 \times 1,200 = \text{KWD } 21,600$, so the result is within the cap.

V

Payroll Operations — WPS & AS'HAL

Salaries are paid electronically through an accredited Kuwaiti bank and monitored through two linked systems: the Wage Protection System and the AS'HAL salary portal. Both carry a 5th-of-month deadline, which is earlier than most WPS regimes in the region. Records appear in AS'HAL within 24 hours of transfer, and non-compliance suspends the employer's PAM file.

SALARY SYSTEMS

SYSTEM	FUNCTION	DEADLINE
WPS (Kuwaiti bank transfer)	Electronic salary transfer via an accredited Kuwaiti bank; marked as "salary"	By 5th of each month
▶ AS'HAL Salary Portal (PAM)	Salary data linked to work permits; employer uploads monthly	By 5th of each month

Salary reductions

If salary is reduced for unpaid leave, tardiness or similar reasons, a **justification letter to PAM is mandatory**. Records appear in AS'HAL within 24 hours of transfer, and non-compliance suspends the PAM file.

VI —

Hiring & Termination

Contracts must be written in Arabic, with employer and employee each receiving a copy, and registered with PAM. An employer cannot reduce salary without written employee consent under Article 28. Probation runs to a maximum of 100 working days, and notice periods depend on the contract type.

CONTRACTS & PROBATION

Contract form	Written in Arabic; employer and employee each receive a copy; registered with PAM.
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Salary reduction	Employer cannot reduce salary without written employee consent (Article 28).
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Probation	Maximum 100 working days. Either party may terminate without notice or indemnity. Cannot be repeated for the same role.
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NOTICE PERIODS

CONTRACT TYPE	NOTICE
► Unlimited-term — monthly-paid (both parties)	3 months (if contract is silent)
Unlimited-term — daily / weekly / hourly	1 month
Fixed-term expiry	No notice; automatic end

VII —

Practical Notes

The obligations in this guide reduce to a short list of checks that prevent the most common and most costly Kuwait payroll errors. Each should be settled before the first pay run.

PIFSS two-tier structure	Employee rates differ below and above KWD 1,500 (10.5% vs 8%). The payroll system must apply both tiers correctly.
AS'HAL 5th-of-month deadline	Earlier than most WPS systems in the region; build the payroll calendar accordingly.
Electronic shift schedule	Under Resolution 15/2025 the daily working programme must be in the PAM e-system; paper attendance records are no longer valid.
18-month EOSB cap	For long-tenured employees, calculate both the formula result and the cap, then use the lower figure.
Nursery obligation	Companies with 50+ female or 200+ total employees must provide a nursery for children under 4.
Gratuity budget	Accrue 15 days/year (years 1–5) or 1 month/year (year 6+) of full salary in the monthly payroll run.
Passport retention	Passport retention is prohibited.



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PIFSS social insurance for Kuwaiti nationals, WPS bank transfers and AS'HAL salary-portal filing, PAM permit compliance, end-of-service gratuity within the 18-month cap, and Kuwaitisation-aware in-country EOR. Datassist runs payroll and employment for international employers across Turkey, Kuwait and the wider MENA region from a single center.

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7+

MENA MARKETS COVERED

1

SINGLE COMPLIANCE OPERATION

0%

MISSED WPS DEADLINES