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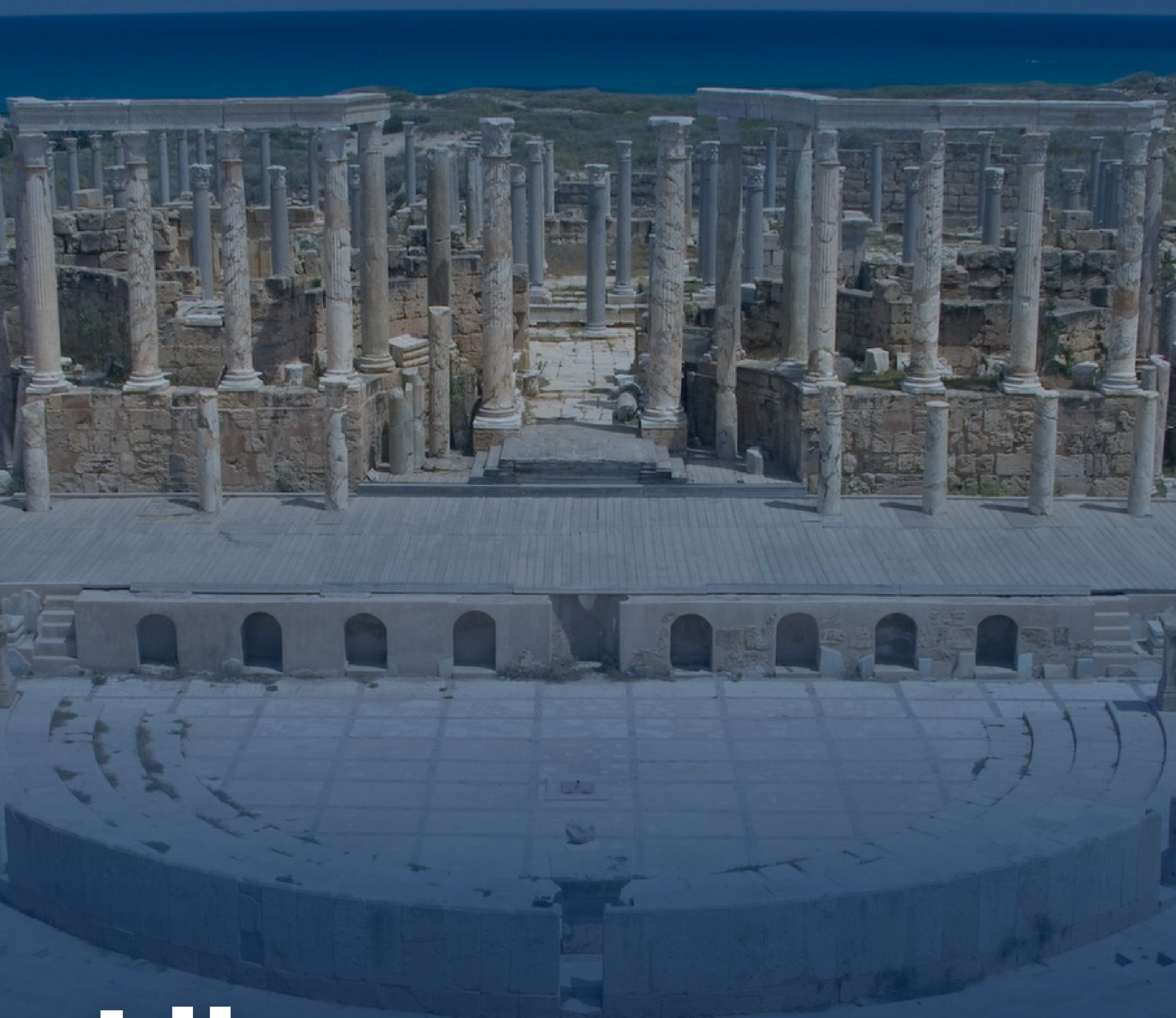

Libya

Payroll & Employment Law Guide

2026 Edition · Last updated August 2026

Labour Law No. 12/2010 · Social Security Fund (SSF) · Dual Government Context

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Overview

A reference for employing in Libya

Critical Risk: Libya has a divided political structure since 2014. Two governments operate simultaneously: GNU (Government of National Unity) in Tripoli: internationally recognised; and HoR (House of Representatives) in Tobruk/Benghazi: controls eastern Libya. Both claim authority over tax, social security, and labour regulation. Enforcement depends on the physical location of operations. Engage specialist in-country legal counsel before any Libya operation.

48h	LYD 1,000	100d	20.50%
MAXIMUM WORKING WEEK	MONTHLY MINIMUM WAGE	PAID MATERNITY LEAVE	COMBINED SSF · VERIFY

WHAT THIS GUIDE COVERS

I

Business Environment & Operational Risk

Critical Risk: Libya has a divided political structure since 2014. Two governments operate simultaneously: GNU (Government of National Unity) in Tripoli: internationally recognised; and HoR (House of Representatives) in Tobruk/Benghazi: controls eastern Libya. Both claim authority over tax, social security, and labour regulation. Enforcement depends on the physical location of operations. Engage specialist in-country legal counsel before any Libya operation.

RISK CATEGORY	ASSESSMENT	KEY IMPACT
Political / Regulatory	HIGH	Dual government; which regulations apply depends on geographic location of operations
Security	HIGH (varies by region)	Tripoli/western Libya vs. Benghazi/eastern Libya have different risk profiles
Currency	HIGH	Official LYD vs. parallel market divergence; LYD not freely convertible; expat packages usually in USD
Banking	HIGH	Correspondent banking restrictions; international wire transfers may face significant delays
Legal enforcement	MODERATE–HIGH	Court system fragmented; contract enforcement unpredictable
EOR availability	MODERATE	Limited EOR providers operate; most require established in-country legal partner

Context: Libya's economy is 95%+ dependent on oil and gas. The National Oil Corporation (NOC) operates under a separate contractual framework from general Labour Law No. 12/2010. Most international employers in Libya operate in the oil sector, often under Production Sharing Agreements (PSAs) that supersede general payroll rules. This guide covers the general Labour Law framework.

PRACTICAL PREREQUISITES FOR LIBYA OPERATIONS

— In-country legal partner with presence in the relevant region (Tripoli or Benghazi) is essential before hiring

— Expatriate salary packages almost always denominated in USD with LYD component for local expenses

— Cash flow planning: banking restrictions require payroll funding to be arranged weeks in advance

I

Business Environment & Operational Risk

- Political risk insurance for significant operations
- Regular security briefings and evacuation planning for expatriate staff

II · WORKING HOURS & LEAVE

STANDARD HOURS

- Maximum: 48 hours/week · 10 hours/day.
- Friday is the statutory weekly rest day.
- Maximum overtime: 3 hours per day.
- Ramadan: reduced hours for Muslim employees (~6 hours/day).

OVERTIME

TYPE	PREMIUM
Standard overtime	+50% (150% total)
Night shift / Friday / public holiday	+100% (200% total)

ANNUAL LEAVE

ENTITLEMENT	DURATION
Standard (all employees)	30 working days/year
Age 50+ or 20+ years of service	45 working days/year
Hajj pilgrimage	20 days paid: once during employment (Muslim employees)
Marriage	2 weeks paid: once during employment

SICK LEAVE

- Maximum paid sick leave: 45 consecutive days or 60 non-consecutive days per year.

II

Working Hours & Leave

- Total sick leave cap: 3 months per year (consecutive or intermittent combined).
- Medical certificate from accredited physician required.

MATERNITY LEAVE

- Duration: 100 days (~14 weeks) paid.
- Minimum 6 weeks before expected delivery; minimum 8 weeks after birth mandatory.
- Multiple or complicated births: extended to 112 days (16 weeks).
- SSF covers the first 3 months of paid maternity leave.
- Employer cannot terminate during maternity leave.

PATERNITY & SPECIAL LEAVE

- No statutory paternity leave. Some employers provide 3–5 days by policy.
- Iddah mourning leave (female employee: spouse death): 4 months and 10 days paid: legally mandated under Libyan law.
- Bereavement: per company policy / collective agreement.

III · SOCIAL SECURITY FUND (SSF): 2026

> **Verify before payroll**
> Operational Warning: SSF contribution rates show a significant discrepancy between sources. Workforce Africa (March 2026) reports employer 10.5% / employee 5.125%. Trading Economics (sourcing SSF directly, 2026) reports employer 15.38% / employee 5.13% / total 20.50%. This suggests a recent rate increase may have taken effect. Verify at ssf.gov.ly before any payroll run.

III

Social Security Fund (SSF): 2026

CONTRIBUTION RATES (MULTIPLE SOURCES)

CONTRIBUTOR	RATE (WORKFORCE AFRICA, MAR 2026)	RATE (TRADING ECONOMICS, 2026)
Employer (Libyan entity)	10.5%	15.38%
Employer (foreign entity)	11.25% (SSA 2019 historical)	— (verify)
Employee	5.125%	5.13%
Government subsidy (Libyan entities)	1.025%	—
▸ **Total combined**	~16.65%	20.50%

> Verify before payroll
> VERIFY: The employer rate increase from 10.5% to 15.38% (if confirmed) represents a +46% increase in SSF employer cost. Verify the current applicable rate directly with SSF (ssf.gov.ly) or local counsel before each payroll run.

SSF COVERAGE & FILING

- Covers: retirement pension, sickness, maternity, work accidents, disability, survivors.
- Retirement age: 65 (male) / 60 (female).
- All employees must be registered with SSF from first day.
- Monthly filings to SSF; annual declarations required.

IV

Income Tax: IRG

PROGRESSIVE SCALE (2025–2026: ONE OF THE LOWEST IN THE REGION)

ANNUAL TAXABLE INCOME (LYD)	RATE
0 – 12,000	0% (exempt)
12,001 – 36,000	5%
Above 36,000	10%

— Employee SSF contribution (5.125%) deducted from gross before IRG calculation.

— Non-residents: 15% withholding tax on Libyan-sourced income; no deductions.

— Employer withholds IRG monthly and remits to Ministry of Finance.

— Annual tax filing by April 30.

> Verify before payroll
> VERIFY: Some sources cite 15% historical top rate (pre-2010). Current consensus: 10% maximum for residents. Confirm with Ministry of Finance or local tax advisor.

V · MINIMUM WAGE

PERIOD	MINIMUM WAGE	USD EQUIVALENT (APPROX.)
Pre-2025 (old rate)	LYD 450/month	~USD 93 at official rate
From 1 January 2025	LYD 1,000/month	~USD 206 at official rate

Note: LYD/USD official rate: ~4.85. Parallel market rate diverges. For expatriate compensation purposes, USD benchmarks are standard in the private sector and oil industry. Verify whether a 2026 SNMG update has been issued.

VI · SEVERANCE PAY: DUAL-TRACK SYSTEM

Context: Libya has a dual-track severance system: Libyan nationals receive NO statutory severance under Labour Law; expatriates receive mandatory EOSB.

VI

Severance Pay: Dual-Track System

EMPLOYEE TYPE	ENTITLEMENT	CAP
Libyan nationals	No statutory severance (relies on SSF pension)	N/A
Expatriate employees	6 months' salary per year of service	Maximum 5 years (= 2.5 years total salary)

ILLUSTRATIVE CALCULATION: EXPAT, 3 YEARS SERVICE, LYD 5,000/MONTH:

3 years × 6 months × (5,000 ÷ 12) = 3 × 2,500 = LYD 7,500 total severance

Note: Some sources note that certain employers and CBAs also provide end-of-service gratuity for Libyan nationals above the statutory minimum. Verify applicable collective agreement for your sector.

VII · PAYROLL OPERATIONS

EMPLOYMENT CONTRACTS

- Written contracts required; Arabic is legally operative.
- Indefinite-term (CDI): standard; valid grounds and notice required for termination.
- Fixed-term: terminates automatically at expiry unless renewed.
- Foreign national contracts must be submitted to Ministry of Labour for approval.

NOTICE PERIODS

SITUATION	NOTICE
Indefinite-term contract: general	30 days minimum; some CBAs specify more
Serious misconduct	No notice; written documentation mandatory
Probation period termination	No notice required

VII

Payroll Operations

CURRENCY & BANKING

— Wages must be paid in Libyan Dinars (LYD) under Labour Law.

— In practice, expatriate packages are typically USD-denominated with LYD living allowances.

— Banking restrictions: correspondent banking limitations; plan payroll funding weeks in advance.

— Official vs. parallel exchange rate divergence is a material risk for budgeting.

VIII · WORK PERMITS & LIBYANISATION

WORK PERMIT PROCESS

— All foreign nationals require a work permit and residence visa before working.

— Employment contract must be submitted to Ministry of Labour for approval.

— Certain specified job titles required: not all roles available to foreigners.

— No visa-on-arrival for most nationalities.

— Visa-exempt (no visa required): Algeria, Jordan, Mauritania, Morocco, Syria, Tunisia, Turkey.

LIBYANISATION QUOTA

CATEGORY	REQUIREMENT
Minimum Libyan nationals in workforce	Up to 75% in some employer categories
Applies to	Private sector; quota varies by sector and company size
Non-compliance	Restrictions on new work permits

> Verify before payroll
> VERIFY: Sector-specific Libyanisation percentages and enforcement vary significantly between regions (GNU-controlled vs. HoR-controlled areas). Verify with Ministry of Labour in the relevant region.

IX

Compliance Calendar

OBLIGATION	FREQUENCY	NOTES
SSF declaration + payment	Monthly	To SSF (ssf.gov.ly)
IRG withholding + payment	Monthly	To Ministry of Finance

OBLIGATION	FREQUENCY	NOTES
Annual tax reconciliation	Annual	By April 30
Annual payroll declarations	Annual	Ministry of Finance + SSF
Work permit renewal	Annual	Before expiry; dual govt. context
Libyanisation compliance	Ongoing	Ministry of Labour requirements

X · PRACTICAL NOTES

— Verify SSF rates before every payroll run: A potential rate increase from 10.5% to 15.38% employer would represent a massive cost increase. This is the single highest-priority compliance check for Libya payroll.

— Dual government: know your jurisdiction: Tripoli (GNU) and Benghazi (HoR) areas have different practical regulatory environments. Your local partner must be active in the specific region where you operate.

— Iddah mourning leave is legally mandatory: 4 months 10 days paid leave for female employees on spouse's death. This is unique to Islamic countries in the region and must be in your HR policy.

— Expat severance cap 5 years: After 5 years of service, no additional EOSB accrues for expatriates. This is significantly lower than most MENA markets.

— USD-denominated packages standard: Market-competitive expatriate packages use USD. LYD currency controls and parallel market make pure-LYD packages impractical for most expats.

— No statutory paternity leave: Unlike Morocco, Tunisia, and Algeria which all have paternity leave, Libya has none. Company policy is the only option.

— Oil sector operates differently: NOC and PSA-governed operations have their own payroll frameworks. If your operation is in the oil sector, general Labour Law guidance may not be sufficient.

EOR & PAYROLL, HANDLED

Manage your Turkey & MENA payroll & employment from one centre with Datassist.

Dual-government jurisdiction, SSF uncertainty, banking constraints, work permits and Libyanisation require region-specific controls and in-country counsel. Datassist helps international employers coordinate Libya payroll and employment operations from one centre.

Schedule a Meeting →

7+	**1**	**0%**
MENA MARKETS	ONE COMPLIANCE OPERATION	MISSED PAYROLL DEADLINES

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