

Sage X3 HR and Payroll

Saudi Arabia

Statutory Updates
V9

Updated:
March 2020

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1.0 Pay Plan Patch

1.1 Pay plan patch content

- Updated statutory headings
- Updated statutory variables
- Updated statutory grids
- Updated folder values
- Updated statutory totals

1.2 Update patch path

1.2.1 Headings, Variables, Grids and Folder Values

Access: *Development > Utilities > Patches > Patch integration*

The file name is W_HR001_KSAU9.dat

Please note:

Create a new “valid from” date 06/02/2019 before integrating this patch.

1.2.2 Totals

Access: *Setup > Payroll Plan > Update payroll plan > Update integration*

The file name is PDP001_KSAU9.pay

2.0 End of Service Gratuity

2.1 Background

According to labour law, employees are entitled to severance pay (more commonly known as the 'gratuity') upon termination of their employment, whether by completing a fixed period contract, or resigning from a job with an unlimited contract. Female employees who end their employment within six months of getting married, as well as employees who end their contracts due to death or permanent disability may also receive the gratuity in full. The days of absence from work without pay shall not be included in calculating the period of service.

The below table depicts the standard end of service (EOS) calculation. The portion to be paid out, from the amounts calculated below, is dependent on what type of contract the employee was on and how long they were employed for. For the purpose of calculating the end of service award, 'salary' includes the basic salary and housing allowance.

Employment Period	End of service bonus
For first 5 years	Half month salary for the first 5 years
More than 5 years	Half month salary for the first 5 years and full month salary for each subsequent year.

If an employee resigns, resignation EOS is payable as per the table below:

Employment Period	Entitlement
2 years or less	No gratuity
More than 2 but less than 5 years	One third of the EOS
More than 5 but less than 10 years	Two thirds of the EOS
More than 10 years	Full EOS

Non-Saudi nationals can only be employed on limited contracts. Where the period of employment has not been specified, the contract termination date defaults to the expiry date of the non-Saudi national's work permit.

Where the employee resigns before the expiration of a limited or specified contract, no end of service bonus is payable. Where the employer terminates such a contract before its expiration for reasons beyond the employee's control, the employee is due the full end of service bonus as well as all the wages that the employee would have earned had the contract been exercised to completion.

2.2 Statutory Pay Plan

2.2.1 Totals

The following statutory total was added to the pay plan:

- EOS_SAL

2.2.2 Headings

The following statutory headings were added/amended or deactivated.

Heading	Description	Sequence
DAY_SERV	Days in Service	90
DAYS_SERV	Days in Service	80
GRA_LIMIT1	Gratuity Limited Calculation	23100
GRA_LIMIT2	Gratuity Limited Calculation	23150
GRA_LIMITT	Gratuity Limited Calculation	23190
GRA_UNL1	Gratuity Unlimited (Sub Calc)	23230
GRA_UNL2	Gratuity Unlimited (Sub Calc)	23260
GRA_UNL3	Gratuity Unlimited (Sub Calc)	23290
GRA_UNLRC	Gratuity Unlimited Resigned	23201
GRA_UNLT	Gratuity Unlimited Termination	23400
GRA_UNLT1	Gratuity Unlimited Termination	23500
GRA_UNLT2	Gratuity Unlimited Termination	23520
GRA_UNLTT	Gratuity Unlimited Termination	23550
GRAT_LIMIT	Gratuity Limited	23001
GRAT_RES	Gratuity Resigned	24000
GRAT_TER	Gratuity Terminated	24100
GRAT_UNLR	Gratuity Unlimited Resigned	23201
MONTH_SER	Months in Service	160
MONTH_SERV	Months in Service	150
PER_EMP	Periods of Employment	23900
YEAR_SERV	Years in Service	110
YEARS_SERV	Years in Service	100

General note:

Please refer to the pay plan extract to view the amendments made to statutory headings.

2.3 Pay plan setup

The following setup is required to calculate the End of Service Gratuity after integrating the pay plan patch:

- Ensure the Contract end date field is completed with the initially agreed end date on the employment contract if a limited/specified contract is being terminated before its due end date.

The screenshot displays the 'Contract' tab in the Sage X3 HR and Payroll system. The interface includes a navigation bar with tabs: Contract, End, Declaration, Declaration (next), Payroll, Admin, Acct, and Backpay. The main content area is titled 'Job' and contains several sections:

- Career follow-up:** A checked checkbox.
- Position and Standard job:** Two search fields.
- Profile:** A search field containing '001'.
- Payslip title *:** A search field containing 'Title'.
- Department *:** A search field containing 'SALES'.
- Nature of work:** A search field containing 'Tester'.
- Characteristics:**
 - Job type:** Full tir (dropdown).
 - Work abroad:** No (dropdown).
 - Employment status:** Regul (dropdown).
 - Working conditions:** Full tir (dropdown).
 - PT rate:** 0.00 (text field).
 - Weekly hours *:** 40.000 (text field).
 - Monthly hours *:** 173.360 (text field).
 - Annualized no. days:** 0.00 (text field).
 - Annualized no. hours:** 0.00 (text field).
 - Working time unit:** By the hour (dropdown).
 - Reference planning:** A search field.
 - Title:** A search field.
 - WT smoothing:** An unchecked checkbox.
 - Contract type *:** Limited (dropdown).
 - Student:** An unchecked checkbox.
- FTC/TWC:**
 - Reason *:** DEP (search field).
 - Duration:** A search field.
 - Period:** Month (dropdown).
 - Contract end:** 01/31/2020 (text field, highlighted with a red box).

- Link the statutory total EOS_SAL to all income (headings) included for purposes of calculating the End of Service Gratuity. For the purpose of calculating the end of service gratuity, 'salary' includes the basic salary and housing allowance.
- Link the statutory total UNLVE_DAYS to a calculation (customised heading) which will calculate the total accumulated unpaid leave days from the date of engagement. This will be used to reduce the periods in service used to calculate the EOS gratuity.

Example of Salary Heading:

Heading * Sequence * Title *

SALARY 8001 Basic Salary

General **Amounts** Profiles Print-out Others

Bases

Base V_SALARY

Totals

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	Total	Title	Periodicity	+/-/Rtz	Condition
1	SALARY_MTD	Salary MTD	Month	+ Employee's share	
2	SALARY_QTR	Salary QTR	Tax mid year	+ Employee's share	
3	SALARY_YTD	Salary YTD	Tax year	+ Employee's share	
4	TOTEAR_MTD	Total Earnings MTD	Month	+ Employee's share	
5	TOTEAR_QTR	Total Earnings QTR	Tax mid year	+ Employee's share	
6	TOTEAR_YTD	Total Earnings YTD	Tax year	+ Employee's share	
7	NETT_PAY	Netto Pay	Month	+ Employee's share	
8	GOSI_INC	GOSI Income	Month	+ Employee's share	
9	EOS_SAL	EOS Salary	Month	+ Employee's share	

Example of Unpaid Leave Heading

Heading * Sequence * Title *

LVE_UNP_D 1900 Lve without pay (Days)

General **Amounts** Profiles Print-out Others

Bases

Base V_UNPAID_LVE

Totals

	Total	Title	Periodicity	+/-/Rtz	Condition
1	UNLVE_DAYS	Unpaid Leave Days	Manual rtz	- Employee's share	

2.3.1 Termination and Resignation reasons

For purposes of calculating the End of Service gratuity, the correct termination reason should be selected on the employment contract.

Access: *Personnel administration > Personnel data forms > Employment contracts*

The following Resignation reasons should be used for an employee who resigned:

- RS Resigned
- PA Passed Away
- PS Pensioned
- TFR Transferred Resign
- IC Illness

The following Termination Reasons should be used for an employee who is terminated:

- DS Discharged
- RT Retrenched
- TFT Transferred Terminated
- EC End of Contract
- BC Business closed
- EI Employer insolvency
- CD Constructively dismissed

If different Termination and Resignation reasons are used, the calculation conditions on the following two statutory headings can be copied and changed to include the correct termination/resignation reasons:

- GRAT_RES (sequence 24000)
- GRAT_TER (sequence 24100)

Access: Setup > Payroll Plan > Headings

Heading * GRAT_RES	Sequence * 24000	Title * Gratuity Resigned	
<p>General Amounts Profiles Print-out Others</p>			
General			
Short title Grat Resig	Theme	Activity code	Access code STAT <small>Statutory</small>
Activation		Type	
Activation from 01/01/20	Activation to	Heading type Amt = Base	Adjustment *
Calculation condition ([F:CTR]XITGRD="RS" [F:CTR]XITGRD="PA" [F:CTR]XITGRD="FS")		<input type="checkbox"/> Intermediate calculation	<input type="checkbox"/> Accounting tracking
	Calculation rounding 0.01	Employee record total None	

Heading * GRAT_TER	Sequence * 24100	Title * Gratuity Terminated	
<p>General Amounts Profiles Print-out Others</p>			
General			
Short title Grat Term	Theme	Activity code	Access code STAT <small>Statutory</small>
Activation		Type	
Activation from 01/01/20	Activation to	Heading type Amt = Base	Adjustment *
Calculation condition [F:CTR]XITGRD="DS" [F:CTR]XITGRD="RT" [F:CTR]XITGRD="TFT")		<input type="checkbox"/> Intermediate calculation	<input type="checkbox"/> Accounting tracking
	Calculation rounding 0.01	Employee record total None	

3.0 GOSI

3.1 Background

3.1.1 Old age retirement pension

Every employee, whether Saudi national or expatriate, must be registered, by the employer, with the Ministry of Labour and the General Organisation for Social Insurance (GOSI). The employee and employer contribution are based on an employee's GOSI Income which consists of an employee's basic salary and housing allowance.

For GCC nationals, the GOSI salary may not be less than SAR 1 500.00 or exceed SAR 45 000.00. Non-GCC expatriates do not make any contribution to old age pension. Where an employee gets terminated mid-month, the employee will not contribute towards old age retirement pension for the month. GCC nationals contribute for old-age social security as per below:

Nationality	Employee %	Employer %
Saudi Employee working in Saudi Arabia	9	9
Kuwaiti Employee in Saudi Arabia	8	9
Kuwaiti Employee in Saudi Arabia (subscription after 01/08/2007)	9	9
Qatari Employee in Saudi Arabia	5	10
Omani Employee in Saudi Arabia	12.4	9
Bahraini Employee in Saudi Arabia	9	9
Emirate Employee in Saudi Arabia	5% plus any contribution to cover employer contribution shortfall.	If employer contribution is less than 15%, the difference will be covered by the employee together with the employee's own contribution.

3.1.2 Occupational Hazard

Employers contribute to cover all their employees for any workplace related injuries; GCC nationals as well as non-GCC nationals. The contributions made by the employer are 2% of the GOSI salary. For GCC nationals, GOSI salary may not be less than SAR 1 500.00 or exceed SAR 45 000.00. For non-GCC nationals, GOSI salary may not be less than SAR 400.00 or exceed SAR 45 000.00. Where an employee gets terminated mid-month, the employer will not contribute towards Occupational Hazard for the month.

3.1.3 Unemployment Insurance

The Ministry of Labour and Social Development (MLSD) has introduced a mandatory unemployment insurance scheme for all employed Saudi nationals. The purpose of the scheme is to encourage nationals to assist the government in tackling possible future unemployment rates that may ensue as a result of high population growth and decreased oil production.

The contribution rate in both the public and private sector is 1% of the employee's basic salary plus housing allowance, for both for employees and employers.

3.2 Statutory pay plan

3.2.1 Totals

The following statutory totals were added to the pay plan:

- GOSI_DUPL
- GOSI_LIMIT
- GOSI_M_L
- GOSI_M_INC
- GOSI_INC
- UNEM_INC

3.2.2 Headings

The following statutory headings were added/amended or deactivated.

Heading	Description	Sequence
CLR_TOT	Clear Total	1
FIN_EXIT	Final Exit	400
GOSI	GOSI	48000
GOSI_AGE	GOSI Age	47400
GOSI_INC1	GOSI Income	47450
GOSI_INC2	GOSI Income	47500
GOSI_INC3	GOSI Income	47550
GOSI_OA	GOSI Old Age	48100
GOSI_PR_EE	GOSI Percentage EE	47600
GOSI_PR_ER	GOSI Percentage ER	47650
OCC_HAZARD	Occupational Hazards	50000
UNEM_CONTR	Unemployment Contribution	49000
UNEM_INC	Unemployment Insurance Income	48500

General note:

Please refer to the pay plan extract to view the amendments made to statutory headings.

3.2.3 Variables

The following statutory variables were added or amended on the pay plan:

- GOSI_OH_ER
- GOSI_MAX
- GOSI_MIN
- GOSI_OA_60
- GOSI_OA_I
- GOSI_OH_I
- GOSI_OH_MN
- KW_BF_PERC
- KUWAIT_BEF
- AE_EE_PERC
- AE_ER_PERC
- UN_INS_EE
- UN_INS_ER
- UNEM_CONTR

3.2.4 Grid value

The following statutory grid was added to the pay plan:

- GOSI_OA_P

3.2.5 Folder values

The following folder values were added effective 6 February 2019:

Folder values

Valid from Valid to

Miscellan **Employ rat** **Employ rat** Stoppage Expenses **Tax Info**

Page

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Values

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	Variable	Title	Value
1	GOSI_MAX	GOSI Maximum Base	45,000.0000
2	GOSI_MIN	GOSI Old Age Minimum Base	1,500.0000
3	GOSLOH_ER	Occupational Hazard Emp Cont	2.0000
4	KW_BF_PERC	Kuwait Before 01 August 2007	8.0000
5	UN_INS_EE	Unemployment Insurance EE %	1.0000
6	UN_INS_ER	Unemployment Insurance ER %	1.0000

3.3 Pay plan setup

The following setup is required for GOSI calculations after integrating the pay plan patch:

- The nationality of the employee must be defined on the employee's record for the GOSI calculations to be correct.
- Where the nationality of the employee is AE (United Arab Emirates), the employee contribution percentage and employer contribution percentage should be specified either on employee (Hours tab), site, company or folder level.
 - AE_EE_PERC
 - AE_ER_PERC

Example:



	Variable	Title	Value	Entere...
1	AE_EE_PERC	UAE Employee Percentage	5.00	No
2	AE_ER_PERC	UAE Employer Percentage	15.00	No

- If a qualifying employee should not contribute towards Old Age Pension, the variable GOSI_OA_I should be activated with a '1' on the Hours tab of the employee's payslip.
- If a qualifying employee should not contribute towards Occupational Hazard, the variable GOSI_OH_I should be activated with a '1' on the Hours tab of the employee's payslip.
- For non-GCC nationals, the GOSI salary may not be less than SAR 400.00. A value of SAR 400.00 must be indicated next to the variable GOSI_MIN on employee, site, company or folder level for all non-GCC employees.
- If a qualifying employee should not contribute towards Unemployment Insurance, the variable UNEM_CONTR should be activated with a '1' on the Hours tab of the employee's payslip.
- When an employee is between 60 and 65 years of age, and still wants to contribute towards old age pension, the variable GOSI_OA_60 should be activated with a '1' on the Hours tab of the employee's payslip.
- Link the statutory total GOSI_INC to all income (headings) included for purposes of calculating GOSI Salary. For the purpose of calculating the GOSI Salary, 'salary' includes the basic salary and housing allowance.

Example:

Heading *	Sequence *	Title *
SALARY	8001	Basic Salary

[General](#)
[Amounts](#)
[Profiles](#)
[Print-out](#)
[Others](#)

Bases

Base:

Totals

9 Records Page size: 15

	Total	Title	Periodicity	+/-/Rtz	Condition
1	SALARY_MTD	Salary MTD	Month	+ Employee's share	
2	SALARY_QTR	Salary QTR	Tax mid year	+ Employee's share	
3	SALARY_YTD	Salary YTD	Tax year	+ Employee's share	
4	TOTEAR_MTD	Total Earnings MTD	Month	+ Employee's share	
5	TOTEAR_QTR	Total Earnings QTR	Tax mid year	+ Employee's share	
6	TOTEAR_YTD	Total Earnings YTD	Tax year	+ Employee's share	
7	NETT_PAY	Netto Pay	Month	+ Employee's share	
8	GOSI_INC	GOSI Income	Month	+ Employee's share	
9	EOS_SAL	EOS Salary	Month	+ Employee's share	

Below is a summary of the GOSI calculations for Saudi nationals, Expatriates (Non-GCC) and Expatriates (GCC):

GOSI Salary														
Basic Salary														
Housing Allowance														
Earnings / Deductions	Saudi Nationals				Expatriates (Non-GCC)				Expatriates (GCC)					
	Employer Portion	Employee Portion	Minimum value	Maximum value	Employer Portion	Employee Portion	Minimum value	Maximum value	GCC Nationality	Employer Portion	Employee Portion	Minimum value	Maximum value	
Employer GOSI Occupational Hazards	2%	-	1500,00	45000,00	2%	-	400,00	45000,00		2%	-	1500,00	45000,00	
Employer GOSI Unemployment Contribution	1%	1%	-	-	-	-	-	-		-	-	-	-	
Employer GOSI Old Age Pension	9%	9%	1500,00	45000,00	N/A	N/A	N/A	N/A	Kuwait (before 01/08/2007) KW	9%	8%	1500,00	45000,00	
									Kuwait (after 01/08/2007) KW	9%	9%	1500,00	45000,00	
									Qatar QA	10%	5%	1500,00	45000,00	
									Oman OM	9%	12.4%	1500,00	45000,00	
									Bahrain BH	9%	9%	1500,00	45000,00	
									UAE AE	if employer contribution is less than 15%, the difference will be covered by the employee together with the employee's own contribution		5% plus any contribution to cover employer contribution shortfall	1500,00	45000,00