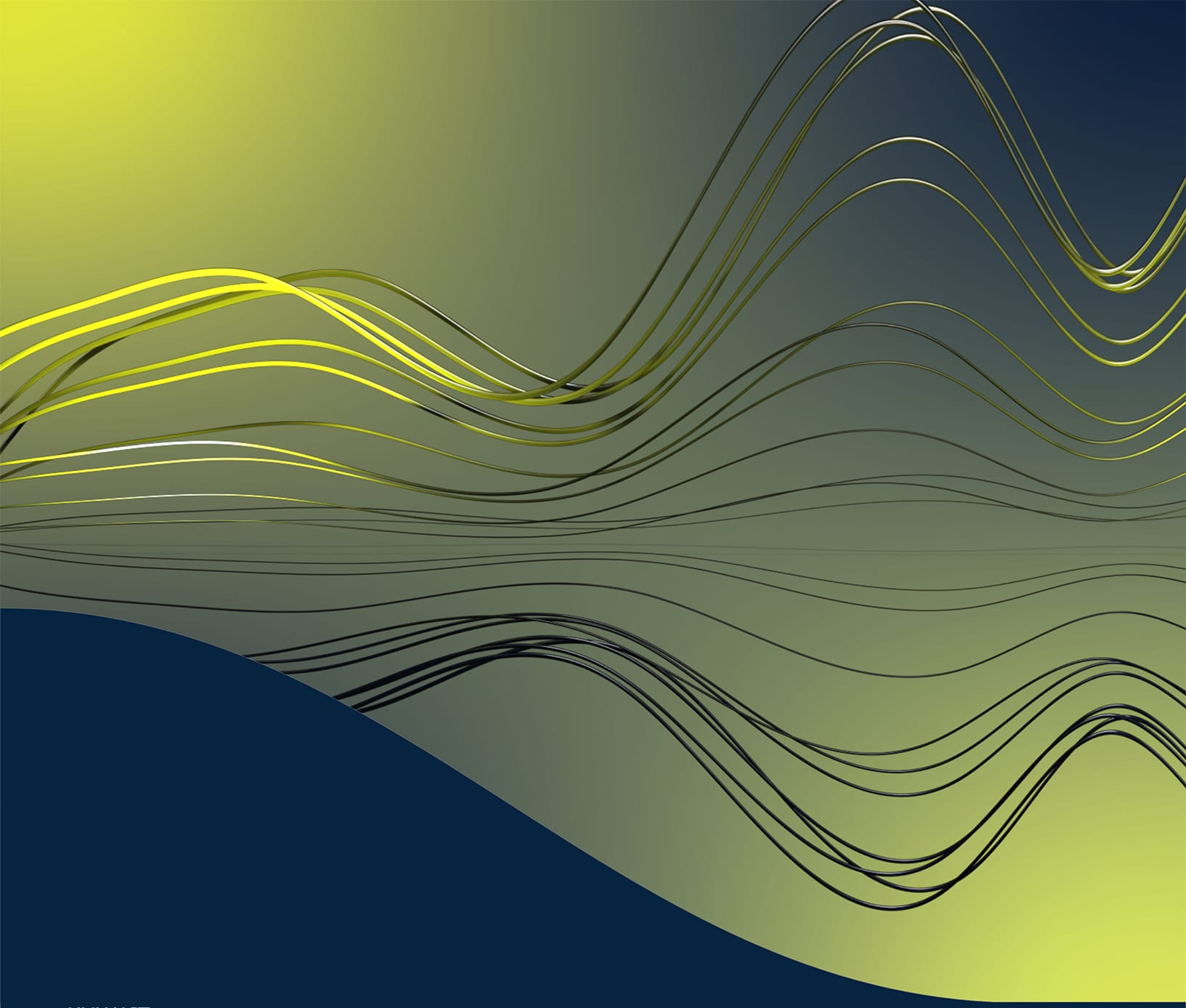


KUWAIT

Global Expansion Guidebook: Employment

DLA PIPER

Introduction



Welcome to the 2026 edition of DLA Piper's *Global Expansion Guidebook – Employment*.

Many companies today aim to scale their businesses globally and into multiple countries simultaneously. In order to help clients meet this challenge, we have created a handy set of global guides that cover the basics that companies need to know. The *Global Expansion Guidebook* series reviews business-relevant corporate, employment, equity compensation, intellectual property and technology, and tax laws in key jurisdictions around the world.

Employment

As business grows more global, the challenge for in-house counsel and HR professionals responsible for workforce issues and employment law compliance is intensifying. This guide is designed to meet that challenge head on and has been produced in response to feedback from clients in both established and emerging international businesses. We hope it will become an invaluable resource for you.

This 2026 edition of our popular guide covers all of the employment and labor law basics in 63 key jurisdictions across the Americas, Asia Pacific, Europe, the Middle East and Africa. From corporate presence and payroll set-up requirements, language rules, minimum employment rights, business transfer rules, through to termination and post-termination restraints, we cover the whole employment life span.

We have used our global experience and local knowledge to bring you this newest edition of our guide. With over 300 lawyers, DLA Piper's global Employment group is one of the largest in the world, with one of the widest geographical footprints of any global law firm. We partner with our clients, wherever they do business, to find solutions and manage risk in relation to their legal challenges and objectives.

While this guide provides high-level guidance, it is not a substitute for legal advice, and we encourage you to take advice in relation to specific matters. If you wish to speak to any of our contributors, their contact details are set out towards the back.

We hope that you find this guide valuable and we welcome your feedback.



This publication is provided to you as a courtesy, and it does not establish a client relationship between DLA Piper and you, or any other person or entity that receives it.

This is a general reference document and should not be relied upon as legal advice. The application and effect of any law or regulation upon a particular situation can vary depending upon the specific facts and circumstances, and so you should consult with a lawyer regarding the impact of any of these regimes in any particular instance.

DLA Piper and any contributing law firms accept no liability for errors or omissions appearing in this publication and, in addition, DLA Piper accepts no liability at all for the content provided by the other contributing law firms. Please note that employment law is dynamic, and the legal regime in the countries surveyed could change.

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Kuwait

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Legal system, currency, language

Civil Code; employment matters are governed by Law No. 6 of 2010 (the Labor Law), as amended. There are also relevant provisions in the Penal Code and Civil Code. The official currency is the Kuwaiti Dinar (KWD). The official language is Arabic.

Corporate presence requirements & payroll set-up

A foreign entity cannot directly engage employees in Kuwait. It must instead set up its own legal entity in Kuwait by partnering up with a Kuwaiti partner (individual or company) which must own at least 51 percent of its shares. The exception to this rule is a company established in the Gulf Cooperation Council (GCC), (*ie* Oman, Bahrain, Saudi Arabia, Qatar, or United Arab Emirates) can set up a company fully owned without the requirement of a Kuwaiti shareholder. Once such an entity has been established, it may employ foreign nationals, who need both a residence permit and a work permit, and local nationals, who require a work permit only. The only way around this would be to have a secondment-type arrangement, whereby the foreign company appoints a local entity as its commercial agent and the local entity then sponsors the local or foreign national employees of the foreign principal for their work permit. The foreign or local national then carries out the operations of the foreign principal in Kuwait.

The other exception to the foregoing rule is where the foreign entity sets ups its business under the Kuwait Direct Investment Scheme, by obtaining the relevant investment license from Kuwait Direct Investment Promotion Authority (KDIPA(, which allows foreign companies to establish a Kuwait entity with 100 percent foreign shareholding. However, the approvals for such an entity are subject to stringent investment criteria and regular monitoring and compliance under KDIPA's rules.

Pre-hire checks

Required

Foreign employees must receive prior approval from the Public Authority for Manpower (PAM) and immigration authorities before they may be hired on local

employment contracts. The level of background checking and screening carried out by the Kuwait authorities varies according to the nationality of the individual.

Permissible

Generally, employers in Kuwait may not obtain the same level of information from background checks as they can in other jurisdictions and, in most cases, the employees themselves will be required to provide this information.

Immigration

In order to legally work and reside in Kuwait, all employees except GCC and Kuwaiti nationals, who require a work permit only, are required to have a residence visa and work permit under the sponsorship of their employer, which must have an entity established in Kuwait. Non-working married women may also be sponsored for their residence visas by their husbands.

Where an employee is only required to work in Kuwait for a short period of time, short-term or temporary employment visas are available as an exception, but at a higher fee. However, there are alternative permits and visas that may be applied for, including business visit visas.

Hiring options

Employee

Indefinite or fixed-term. Part-time employment is legally possible, but is not common. If both parties continue to perform their duties under a fixed-term contract after the expiry of the fixed term, the contract shall be deemed to have been renewed for a fixed-term of the same length, unless both parties agree to renew it under other conditions. In all cases, renewal shall not affect the benefits acquired by the worker under the previous contract.

Independent contractor

There is no concept of a consultant, unless individuals have established their own professional license and business, due to the requirement for employees to have sponsorship, which is generally obtained by the employer.

Agency worker

There is no general concept of an agency worker or "temp" in Kuwait. Some Kuwaiti-owned employment agencies are licensed to provide manpower on a temporary basis; those workers remain under the agency's sponsorship. These are mainly for low-level jobs, such as cleaning or security services.

Employment contracts & policies

Employment contracts

Non-Kuwaiti national employees are required to sign a government employment contract to obtain their work permit and residence visa. This contract is in English and

Arabic. Kuwaiti and GCC national employees are not required to sign a standard form of contract, but their regular employment contract with their employer may be required to be submitted to the PAM for review.

Probationary periods

Permissible. Maximum duration of 100 working days.

Policies

There are no mandatory policies. Employees should be provided with any relevant staff handbook and the employer's policies, if applicable, on commencement of employment.

Third-party approval

The government employment contract must be lodged with PAM to obtain the employee's work permit and residence visa. Strictly speaking, any contractual changes should be notified to PAM and amended on the filed standard employment contract copy.

Language requirements

Pursuant to the Labor Law, all employment contracts and records must be in Arabic. Where a foreign language is used in addition to Arabic, the Arabic version shall prevail in case of a dispute.

Working time, time off work & minimum wage

Employees entitled to minimum employment rights

All. Additional rights are also available to young workers *(ie*, those under 18) and women.

Working hours

8 hours per day or 6 hours during Ramadan. This equates to a 48-hour maximum for a 6-day working week, Saturday to Thursday (inclusive) for construction, blue-collar, and retail jobs among others; or 36 hours for a 6-day week during Ramadan. Over a shorter 5-day working week, the standard amounts to 9.5 hours. The working-hour provisions presume that the employee is working a 6-day week.

Overtime

Not exceeding 2 hours per day or 180 hours per year unless the work is essential for preventing the occurrence of a dangerous accident, repairing any breakdown or avoiding a substantial loss. Additional work periods should also not be required more than 3 times per week or 90 days per year.

There is no carve-out in the Labor Law for senior executive managerial or supervisory positions in respect of the working hours and overtime provisions, although we understand that, in practice, professional employees are often exempted from overtime provisions.

Wages

As of March 2024, Kuwait's minimum wage is KD75 per month, which is applicable in most sectors.

Vacation

All employees are entitled to fully paid leave for 30 working days in each year of service. In the 1st year of service, employees are not entitled to take their leave until they have been in the service of the employer for at least 6 months.

Sick leave & pay

An employee is entitled, after completing probation, to up to 75 days' sick leave per annum, payable as follows:

- First 15 days on full salary
- Next 10 days on 3/4 salary
- Next 10 days on 1/2 salary
- Next 10 days on 1/4 salary
- Thereafter, leave without pay for up to 30 days

Maternity/parental leave & pay

Female employees are statutorily entitled to maternity leave with full pay for a period of 70 days, during which the period of childbirth must be included. This leave does not deduct from the employee's other leaves provided under the law. At the end of maternity leave, the employee may request up to 4 additional months of unpaid leave.

There is no statutory entitlement to provide paternity, adoptive, or parental leave in Kuwait.

An employer is not permitted to terminate the employment of an employee or give the employee notice of termination while the worker is on any of the leaves permitted by the Labor Law.

Other leave/time off work

Subject to prescribed criteria, employees may also be entitled to leave for other purposes, such as bereavement, education leave or Hajj.

Discrimination & harassment

Disability discrimination. A person with special needs is defined under the Kuwaiti Handicapped Law as "any person suffering from total or partial deficiency or disorder;

permanently or temporarily in his physical, sensory, mental, communicative, educational or psychological abilities to an extent reducing the possibility of meeting his normal requirements."

Only Kuwaiti nationals with special needs have the right to work and occupy positions.

Flexible working hours and suitable equipment in order to perform their work must be provided to these employees, and these employees must not face any discrimination.

There are no other discrimination provisions in the Labor Law, except for a provision stating that a female employee shall have the right to the same salary given to a male employee if she performs the same job.

Whistleblowing

While there is currently no statutory protection for whistleblowers in Kuwait or under the provisions of the Labor Law, certain administrative bodies issued policy guidelines on the protection of whistleblowers in certain entities or practices, such as insurance and re-insurance companies under the Corporate Governance Rules of the Insurance Regulation Unit (IRU).

Benefits & pensions

In most cases for Kuwaiti national employees and GCC national employees, the employer is required to set up – and contribute to – a pension fund in addition to the end-of-service gratuity (EOSG) for other employees. All other employees may only be eligible to receive an EOSG on termination, calculated by reference to length of service, unless the employer contracts out of these arrangements with its employees by providing a savings scheme or pension scheme. EOSG is reduced if the employee resigns within the first 10 years of service.

Data privacy

There are no clear laws in Kuwait comparable with those in the US or Europe concerning the handling and transmitting of employees' personal information, nor do any provisions address the cross-border flow of data. However, it is advisable to seek prior written consent to the processing of personal data from the employee to the extent necessary to address the various privacy protections set out in Kuwait law, including those set out in the Kuwait Penal Code, E-Commerce law and the Kuwait Constitution.

Rules in transactions /business transfers

Employees transfer through termination and rehire in an asset deal.

Employee representation

According to the Labor Law, foreigners are not permitted to form unions.

Kuwaiti nationals may form or join a labor union, and only 1 labor union per sector may be formed in the country (*eg,* a union for engineers or a union for lawyers). Only associations expressly designated for an Islamic purpose, or granted legal status by the government, are permitted to meet openly and freely.

Termination

Grounds

Termination is possible on the following grounds: by agreement, on the expiry of a fixed-term contract, resignation, incapacity or death and dismissal with notice provided it is for a valid reason or summary dismissal, by reason of any of the grounds listed at Article 41A of the Labor Law.

Employees subject to termination laws

All employees.

Restricted or prohibited terminations

Employees on any type of leave cannot be terminated while on leave (eg, employees on maternity leave or who are delayed in returning to work due to sickness resulting from pregnancy or labor cannot be terminated).

Third-party approval for termination/termination documents

Special consideration should be given in the case of Kuwaiti nationals.

Mass layoff rules

None.

Notice

3 months' notice for monthly paid employees; 1 month's notice for all other employees.

Statutory right to pay in lieu of notice or garden leave

None. Entitlement depends on contract terms.

Severance

Unless terminated under Article 41A of the Labor Law, employees are entitled to salary and benefits to the termination date, notice (or payment in lieu), payment in lieu of accrued but untaken annual leave, the cost of an airline ticket to repatriate the employee to their home country (unless (i) dismissal is attributable to the employee and the employee has the funds to pay their own costs; or (ii) the employee has obtained alternative sponsorship to remain in Kuwait), an end-of-service gratuity payment and reimbursement of unpaid business expenses. In case of employer termination, the end-of-service gratuity for monthly paid employees is calculated at 15

days' pay per year for each of the first 5 years of service, and 1 month's pay for each additional year of service thereafter. Where the employment is terminated by the employee, the employee is entitled to the following:

- After 3 and up to 5 years' continuous service, 50 percent of the severance pay as calculated
- After 5 years' continuous service, 2/3 of the severance pay as calculated above and
- After 10 years' continuous service, the full entitlement to severance pay as calculated above.

The Labor Law only sets out the employee's entitlement to an end-of-service gratuity in the case of a resignation in respect of indefinite contracts; however, we have been advised by PAM that the same entitlements will apply to employees who resign from limited-term contracts.

The total end-of-service gratuity entitlement an employee may receive is capped at 1.5 years' salary.

Post-termination restraints

It is permissible to have restrictive covenants contained in the contract of employment, provided that the employee has become acquainted with the employer's clients or the secrets of the business and the covenants are reasonably drafted in relation to their duration, geographic scope and the nature of the business to be protected.

Parties are permitted to include a liquidated damages clause in the contract of employment as it is generally not possible to obtain an injunction in Kuwait; however, any such penalty should not be exorbitant.

Non-competes

Typically no longer than 12 to 24 months.

Customer non-solicits

Typically no longer than 12 to 24 months.

Employee non-solicits

Permissible.

Waivers

Waiver agreements are commonly used, but their enforceability has not been tested by the Kuwait courts and there is no system of precedence in Kuwait.

Remedies

Discrimination

Not applicable.

Arbitrary dismissal

There is no cap on the award for arbitrary dismissal; however, awards higher than 3 months' pay are uncommon in most cases.

Failure to inform & consult

Not applicable.

Criminal sanctions

Criminal sanctions may be imposed for a variety of reasons, including but not limited to the setting up of a trade union, breach of health and safety obligations, breach of immigration laws, breach of data protection laws and breach of confidentiality.

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About us

DLA Piper is a global law firm with lawyers located in more than 40 countries throughout the Americas, Europe, the Middle East, Africa and Asia Pacific, positioning us to help companies with their legal needs around the world.

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