United Arab Emirates – GPSSA Imposes Late-Payment Penalties for GCC Nationals' Pension Contributions

The General Pension and Social Security Authority (GPSSA) in the United Arab Emirates (UAE) has announced the enforcement of daily penalties for late payment of social security contributions of nationals of the Cooperation Council for the Arab States of the Gulf (GCC)[1] working in the UAE who are covered by the Unified Protection Extension System.

WHY THIS MATTERS

Employers must now strictly adhere to monthly deadlines and make sure contributions are paid within the mandated deadline to avoid late-payment fines. The fines are automatically imposed without prior notice.

This move is expected to strengthen cross-border compliance and protect employee entitlement under regional pension laws. It reflects the importance of compliance with the Protection Extension System, so that provision is made for equivalent social security benefits for GCC nationals working outside their home countries in other GCC countries.

More Details

The "Protection Extension System Law" is a unified framework adopted by GCC countries so that GCC nationals working in other member states receive pension and social security coverage equivalent to what they would receive in their home country.[2]

Under the provisions of UAE Cabinet Resolution No. 18 of 2007, employers operating in the UAE must:

- register eligible GCC national employees;
- process monthly pension contributions in line with the respective home-country's social-security scheme;
- assume responsibility for the employer's share of contributions; and
- adhere strictly to submission deadlines and regulatory compliance requirements.[3]

Effective 1 July 2025, employers are subject to a daily penalty of 0.1% on any outstanding social-security contribution amounts related to their GCC nationals. Contributions must be paid by the 15th of the month following the salary period; otherwise, fines will automatically commence from the 16th of that month, without prior notice.[4]

KPMG INSIGHTS

Considerations for Employers

Employers may wish to consider the importance of:

- timely registration of all eligible GCC nationals with GPSSA;
- reviewing and updating their payroll processes to foster timely payment of GPSSA contributions;
- monitoring submission dates closely to help avoid accumulating daily penalties;
- alignment of contributions with the home-country's pension regulations, up to the UAE employer's share.

Considerations for Employees

GCC employees may wish to consider the importance of:

- confirming with their employers timely registrations under the correct pension scheme;
- understanding their home-country's contribution rates and entitlements;
- the effect of late payments on their retirement benefits and service continuity;
- any excess contribution required by the home country being the employee's responsibility.

KPMG in the Lower Gulf will monitor developments and endeavour to keep readers of *GMS Flash Alert* informed as developments occur.

Organisations employing GCC nationals in the UAE with related questions or compliance concerns are encouraged to reach out to the General Pension and Social Security Authority (GPSSA), a qualified social security adviser, or a member of the KPMG tax and social security team in the Lower Gulf (see the Contacts section).

FOOTNOTES:

1 The Cooperation Council for the Arab States of the Gulf (GCC) -- otherwise known as the Gulf Cooperation Council -- is a regional organisation comprising of six members: The Kingdom of Bahrain, the State of Kuwait, the Sultanate of Oman, the State of Qatar, the Kingdom of Saudi Arabia, and the United Arab Emirates. It was established in 1981.

- See the GCC website (in English): https://www.gcc-sg.org/en/Pages/default.aspx

- See the GCC LinkedIn page: https://www.linkedin.com/company/gulf-cooperation-council---secretariat-general-/ (*this may require log-in*)

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2 According to Cabinet Resolution No. (64) of 2024 (in English): https://uaelegislation.gov.ae/en/legislations/2518/download .

3 According to the offical UAE government portal (in English), "GCC Nationals working in the private sector."

4 According to the news announcement of the official GPSSA website on its Media Center webpage (in English), "GPSSA Enforces Late Payment Penalties on GCC Employees starting July 2025."

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Contact us

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