

KPMG

GMS Flash Alert

Immigration

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Saudi Arabia – Higher Wage Thresholds for Full Saudization Credit

Saudi Arabia has announced a two-phase increase in the minimum monthly wage required for a Saudi private-sector employee to be counted as one full worker under the Nitaqat Saudization programme. The threshold is scheduled to increase to SAR 5,000 on 25 April 2027 and SAR 6,000 on 25 April 2028.[1]

WHY THIS MATTERS

The change does not directly require private-sector employers to increase the salaries of Saudi employees. However, Saudi employees whose monthly wages fall below the applicable threshold may no longer receive full weight in their employer's Saudization calculation.

Employers may therefore need to assess whether the new thresholds could affect their Nitaqat status, workforce planning, recruitment practices, or ability to meet applicable Saudization requirements.

New Wage Thresholds for Full Saudization Credit

According to information released by Saudi Arabia's Ministry of Human Resources and Social Development, the revised wage thresholds are scheduled to be introduced in two phases:

- From 25 April 2027, the minimum monthly wage required for a Saudi employee to be counted as one full worker under the Nitaqat programme is scheduled to increase to SAR 5,000.
- From 25 April 2028, the minimum monthly wage threshold is scheduled to increase to SAR 6,000.

The decision was announced on 25 October 2026, with the first phase scheduled to take effect six months after the announcement.

The change relates to how Saudi employees are counted for Saudization purposes. It does not, by itself, establish a general requirement for private-sector employers to increase employees' salaries to meet the revised thresholds.

The phased implementation is intended to provide private-sector establishments with time to prepare for the revised Nitaqat calculation requirements.

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KPMG INSIGHTS

The revised thresholds may affect employers with Saudi employees whose monthly wages are below the levels scheduled to take effect in 2027 and 2028. Although the measure does not directly require salary increases, employers may need to consider its potential effect on their Saudization ratios and Nitaqat classification.

Employers might wish to consider the following actions:

- Identify Saudi employees whose monthly wages are below SAR 5,000 or SAR 6,000 and assess how they may be counted under the revised thresholds.
- Review the potential effect of the phased changes on their Saudization ratios and Nitaqat classification.
- Evaluate workforce, recruitment, compensation, and localization plans in advance of the respective implementation dates.
- Monitor further guidance from the Ministry of Human Resources and Social Development regarding the calculation methodology and implementation of the revised thresholds.

If assignees and/or their programme managers have any questions or concerns about the scope of the update, its application and potential impacts, and appropriate next steps, they should consult with their qualified tax or social security professional or a member of the GMS/People Services team with KPMG in the Lower Gulf (see the Contacts section).

ENDNOTE:

1 Saudi Gazette, “Saudi Arabia to raise minimum wage threshold to SR5,000 in April 2027, and SR6,000 in April, 2028,” published on 25 October 2026.

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