CONCEPT

Saudi Payroll Calculations: End-of-Service Benefits, Overtime and Leave Under the Labour Law

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Technical depth: Practitioner · **Practical mode:** Modelling build

Introduction

End-of-service awards, overtime and leave pay are among the most disputed figures in any Saudi payroll. The Saudi Labour Law sets the formulas in Articles 84, 85, 107, 109 and 117, but the wage base, service periods that exclude unpaid leave, daily-rate divisors and the reason for leaving all change the result. One wrong assumption repeated across staff produces claims, overpayments and understated liabilities. This Core Concept course trains payroll staff in KSA to calculate these entitlements accurately, document the method and accrue the liability. Participants build and test a Saudi Payroll Entitlements Calculator with an end-of-service liability schedule.

Course Objectives

- Classify pay elements and select the correct Saudi Labour Law wage base, daily rate and service period for each entitlement
- Calculate Article 107 overtime for normal working days, rest days and public holidays
- Calculate annual leave accrual, sick leave pay, leave encashment and end-of-service awards under Articles 84, 85 and 87 for each reason for leaving
- Prepare a final settlement statement that combines notice pay, leave balances, the end-of-service award and permitted deductions
- Resolve edge cases such as partial years, salary changes during service and overpayment recovery
- Build a tested entitlements calculator and an end-of-service liability accrual schedule consistent with IAS 19

Target Audience

- Payroll specialists calculating monthly overtime, leave pay and exit settlements
- HR operations staff processing resignations, terminations and contract expiries
- Payroll and HR auditors checking entitlement calculations before payment
- Accountants responsible for end-of-service and leave liability accruals
- HR system analysts configuring entitlement formulas in payroll software

Course Outline

Day 1: Saudi Pay Elements and Entitlement Foundations

- Pay Element Classification: Basic Wage, Housing and Transport Allowances and Variable Pay
- Saudi Labour Law Wage Definitions: Basic Wage and Actual Wage
- Service Period Calculation Including Unpaid Leave Exclusions
- Daily and Hourly Rate Divisors: Fixed 30-Day, Calendar and Working-Day Methods
- Payroll Entitlement Audit of Current Calculation Practice

Day 2: Saudi Labour Law Entitlement Rules and International Standards

- Article 98 Working Hours, Ramadan Hours and ILO Conventions No. 1 and No. 30
- Article 109 Annual Leave of 21 and 30 Days and ILO Convention No. 132
- Amended 12-Week Maternity Leave, ILO Convention No. 183 and Other Statutory Leave
- Articles 84, 85 and 87 End-of-Service Award Formulas by Service Band and Reason for Leaving
- IAS 19 Treatment of Compensated Absences and Post-Employment Benefits

Day 3: Core Entitlement Calculations

- Article 107 Overtime Calculation: Hourly Wage Plus 50% of Basic Wage
- Annual Leave Accrual, Balance and Article 111 Encashment Calculation
- Article 117 Tiered Sick Leave Pay: Full, Three-Quarter and Unpaid Periods
- End-of-Service Award Calculation for Resignation, Termination and Contract Expiry
- Final Settlement Statement: Notice Pay, Leave Balance and Deductions

Day 4: Disputes, Errors and Edge Cases

- Partial-Year Service and Fractional Year Proration Methods
- Salary Changes During Service and Last Actual Wage Base Selection
- Overpayment Recovery and Wage Deduction Limits Under ILO Convention No. 95
- IAS 19 Projected Unit Credit Inputs and Actuarial Report Review
- Calculation Error Log and Four-Eyes Review Control

Day 5: Modelling Build and the Saudi Payroll Entitlements Calculator

- Saudi Payroll Entitlements Calculator Workbook Architecture
- Test Case Library Build Across Sectors and Reasons for Leaving
- End-of-Service Liability Accrual Schedule by Employee
- Calculation Policy Note Drafting for Management Approval
- Calculator Stress Test and Peer Review

Skills You Will Gain

- Pay Element Classification
- Overtime Calculation
- Leave Entitlement Calculation
- End-of-Service Benefit Calculation
- Final Settlement Preparation
- Employee Benefit Liability Accrual
- Payroll Calculation Control

Why Attend This Course

- Take back a Saudi Payroll Entitlements Calculator already tested against a library of exit and overtime cases
- Settle employee queries on the end-of-service award and leave balances with a documented method rather than a disputed figure
- Give finance a defensible end-of-service liability figure for the next month-end or year-end close
- Compare calculation conventions with payroll staff from different sectors and organisation sizes across KSA

Conclusion

Accurate entitlements under the Saudi Labour Law depend less on knowing a formula than on choosing the right wage base, service period and divisor, and documenting that choice. This course moves from pay element classification and the entitlement articles alongside ILO standards, through the core overtime, leave and end-of-service calculations, to the partial years, salary changes and recoveries that generate most claims. The final day produces a tested Saudi Payroll Entitlements Calculator and liability schedule, giving participants a consistent method for every exit and every overtime run.