

GLOBAL HIRING GUIDE

Yemen





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01

BASIC COUNTRY FACTS

- **Full Name**
Republic Of Yemen
- **Capital**
Sana'a
- **Main Languages**
Arabic
- **Population**
32.98 Million
- **Monetary Unit**
Yemeni Rial
- **Internet Domain**
.ye
- **International Dialing Code**
+967
- **Currency**
Yemeni rial



02

STATUTORY LABOR REQUIREMENTS

Probation Period

- Upon signing a contract of employment a worker may be subject to a probationary period not exceeding six months with the same employer, to be stipulated in the contract.

Annual Leave

- Workers shall be entitled to leave of not less than 30 days with full pay for each year of effective service, to be calculated on the basis of at least two-and-a-half days for each month.

Public Holidays

The official public holidays are as follows:

1. Labor Day
2. Unity Day
3. Eid al-Fitr
4. Eid al-Adha
5. Islamic New Year
6. 1st Revolution Day
7. Liberation Day
8. Prophet's Birthday
9. Independence Day

Maternity Leave

- A pregnant worker shall have the right to maternity leave with full pay for 70 days.
- A pregnant worker shall be granted a further 20 days' leave, in addition to the days in the following cases:
 - If her labor was difficult as established by a medical report,
 - If she gives birth to twins.
- Pregnant Workers are paid their full wages (100%) during the term of maternity leave, i.e., 70 days to maximum 90 days. Maternity leave is paid by the employer.

Paternity Leave

- There is no paternity leave.

Sick Leave

- In case of sickness, workers shall be entitled to continuous or non-continuous sick leave on the following basis:
 - Sick leave with full pay for the first and second months of sickness;
 - Sick leave with 85 percent of wages for the third and fourth months of sickness;
 - Sick leave with 75 percent of wages for the fifth and sixth months of sickness;
 - Sick leave with 50 percent of wages for the seventh and eighth months of sickness.

Work Hours

- Official working hours shall not exceed eight hours per day or 48 hours per week.
- Weekly hours of work shall be distributed over six working days followed by one day of rest with full pay.
- Official working hours during the month of Ramadhan shall not exceed six hours per day or 36 hours per week.

Overtime

- Any worker employed over time shall regardless of his occupation, be entitled to compensatory rest periods with pay calculated on the basis of the following rates:
 - One-and-a-half times for overtime on normal working days;
 - Double time for overtime night work
- Working hours, whether normal or overtime shall not exceed 12 hours per day.

Notice Period

- If a contract is terminated by one of the parties thereto in accordance with article 36, the party wishing to terminate the contract shall give the other party prior notice of termination equivalent to the period prescribed for the payment of wages or pay the wage for such period in full in lieu of notice.

- If either party refuses to receive notice of termination of the contract, the notice may be deposited with the Ministry or one of its offices.
- The period of notice provided is calculated as follows:
 - 30 days for workers with monthly wages;
 - 15 days for workers with half-monthly wages,
 - One week for workers working on the basis of production or piece work, or hourly or daily or weekly rates.

Severance

- Severance pay is as follows:
 - 1 month's pay for each year of completed service (where employees are not entitled to monthly pension or a lump-sum payment);
 - 6 months wages (in case of termination due to misconduct of employer)

13th Month

- 13th month pay is not mandatory.

03

INCOME TAX

- Resident individuals are taxed on worldwide income.
- Nonresidents are taxed only on income earned from Yemen.
- Resident individuals are taxed on income from employment or commercial or industrial activities and noncommercial activities earned inside Yemen, as well as foreign source income.
- The tax rate is 10% to 15% for resident salaried individuals and a flat rate of 20% for nonresidents.

INCOME TAX RATE	
Resident Salaried Individuals	10% to 15%
Nonresidents	20%

04

SOCIAL SECURITY

- The employer must contribute 9% of a national or foreign employee's salary to the General Corporation for Social Security (GCSS)
- An employee (whether a national or foreigner) must contribute 6% of salary to the GCSS.
- A foreign employee may withdraw the total contribution paid by the employee and the employer to the GCSS, subject to a deduction of 20% as a service charge.
- (Changes were made to these rules in 2017, but due to the ongoing political crisis, the GCSS continues to collect the contributions under the old rules.)

CONTRIBUTION	EMPLOYER	EMPLOYEE
Social Security	9%	6%

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DEDUCTIBLE EXPENSES

Employment Expenses

- Deductions and allowances available on monthly salary income include YER 10,000, plus 6% of gross salary for an employee's social security contribution and allowances, up to a maximum of YER 65,000

DEDUCTABLE EXPENSES

Deductions and allowances available on monthly salary income include YER 10,000, plus 6% of gross salary for an employee's social security contribution and allowances, up to a maximum of YER 65,000

06

IMMIGRATION

Immigration

- Foreigners must obtain appropriate visas to enter the country.

- The main Yemen visas are:
 - Student visa
 - Business visa
 - Tourist Visa
 - Transit Visa
 - Diplomatic/Official visa

TYPE OF VISA	DOCUMENTATION	VALIDITY	ELIGIBILITY
Business Visa	<ul style="list-style-type: none">• Copy of signed passport• One original Yemen visa application form• Two recent, 2 x 2 identical, passport photographs• An official invitation/visa approval notification issued by the Department of Immigration in Yemen• Business Cover Letter• Health Certificate (Medical Record or doctor's letter)	2 months (single entry)	This visa is issued to foreigners entering Yemen for meetings, conferences etc.
Tourist Visa	<ul style="list-style-type: none">• Copy of signed passport• One original Yemen visa application form• Two recent, 2 x 2 identical, passport photographs• An official invitation/visa approval notification issued by the Department of Immigration in Yemen• Proof of Travel Arrangements• Health Certificate (Medical Record or doctor's letter)	3 months	This is a short stay visa
Diplomatic/ Official Visa	<ul style="list-style-type: none">• Original, signed passport• One original Yemen visa application form• Two recent, 2 x 2 identical, passport photographs• Proof of Travel Arrangements• Health Certificate (Medical Record or doctor's letter)	Visa Validity is based on the decision of the Consulate.	This visa is issued to diplomats and foreign government officials

07

VALUE ADD TAX

Value Added Tax

- Yemen operates a General Sales Tax (GST) system.
- The general rate is 5%.
- Although, a 10% rate applies to telecommunications and mobile communications services.
- Exemptions are also available.

GST	
Standard Rate	5%
Telecommunications and Mobile Communications	10%
Zero-rate	0%

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WITHHOLDING TAX

Withholding Tax

Dividends

- No withholding tax is levied on dividends paid to a resident entity, but dividends paid to a nonresident entity are taxed at a rate of 10%.

Interest

- No withholding tax is levied on interest paid to a foreign bank approved by the Yemen central bank; otherwise, the rate is 10%.

Royalties

- A 10% withholding tax applies on payments made to a nonresident in respect of commissions, patents, trademarks and copyright royalties.

Fees For Technical Services

- A 10% withholding tax applies on fees paid for the transfer or use of technology/licenses, payments for technical know-how and administrative knowledge and service fees paid to a nonresident.
- The 10% rate also applies to payments made to a resident or nonresident in respect of brokerage and commissions.
- The rate of 4% for fees paid to resident technical and professional service providers.

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TERMINATION

WHT	
Dividends	10%
Interest	10%
Royalties	10%
Technical Service Fees	4% / 10%

- Either party to a contract of employment may terminate the contract, provided that the party wishing to do so shall notify the other, in any of the following cases:
 - If one of the parties fails to observe the terms of the contract or labor legislation;
 - If work permanently ceases, either entirely or in part;
 - If there is reduction in the number of workers for technical or economic reasons;
 - If the worker absents himself without legitimate reason for more than 30 days within the same year or for 15 consecutive days, provided that termination of contract is preceded by a written warning from the employer after 15 days of absence in the former case and seven days in the latter;
 - If the worker reaches statutory retirement age;
 - If the worker is declared unfit to work by decision of the competent medical committee.
- If a contract is terminated by one of the parties thereto in accordance with article 36, the party wishing to terminate the contract shall give the other party prior notice of termination equivalent to the period prescribed for the payment of wages or pay the wage for such period in full in lieu of notice.

STATUTORY BENEFITS

- If either party refuses to receive notice of termination of the contract, the notice may be deposited with the Ministry or one of its offices.
- The period of notice provided is calculated as follows:
 - 30 days for workers with monthly wages;
 - 15 days for workers with half-monthly wages,
 - one week for workers working on the basis of production or piece work, or hourly or daily or weekly rates.
- According to art. 120(2) LC, at end of their service, where employees are not entitled to monthly pension or a lump-sum payment pursuant to the Social Insurance Act or other regulations, they shall be entitled to receive severance pay equivalent to at least one month's wages for each year of service (calculated on the basis of the last wage received by the employee).
- These are mandatory benefits as postulated by law.
- These include probationary period, annual leave, public holidays, sick leave, maternity leave, overtime pay, notice period, and severance pay.
- Statutory benefits also include social security benefits.

STATUTORY BENEFITS

- Probationary Period
- Annual Leave
- Public Holidays
- Maternity Leave
- Sick Leave
- Overtime Pay
- Notice Period
- Severance Pay
- Social Security Benefits



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