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Oman End of Service Calculation: New Labour Law Guide

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IN SHORT

Under Article 61 of the Oman Labour Law (Royal Decree 53/2023), a worker who is not covered by the Social Protection Law gets an end-of-service gratuity of at least one month's final basic wage for each year of service, with part years in proportion. There is no minimum service, no cap and no cut for resigning. Omanis are covered by the Social Protection Fund instead. From 19 July 2027 a 9% savings contribution replaces the gratuity for new service.

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The Labour Law and Social Protection Law articles quoted here were read in the official English translations on decree.om on 12 November 2026. The 2027 start date and the Ministry of Labour view on service before the new law come from press reports and are marked as such. All figures are estimates from the law text.

Who gets the Article 61 gratuity

Article 61 covers only **workers who do not benefit from the Social Protection Law** (Royal Decree 52/2023). In practice that splits the workforce by nationality:

- **Non-Omani workers:** they are not in the pension branch of the Social Protection Fund, so the employer owes them the Article 61 gratuity
- **Omani workers:** Article 68 of the Social Protection Law insures all Omanis working in Oman, so Article 61 does not give them a gratuity. Their end-of-service income is the Fund's pension
- **Other GCC nationals:** the sources do not settle their case. Our calculator does not give a figure for them and marks the case for manual review

The Article 61 rule in plain words

The new Labour Law took effect on 31 July 2023 and replaced the 2003 law. Its gratuity rule is short:

- **At least one month's basic wage per year.** "Not less than the basic wage for each year of service". A contract can give more, never less
- **Final basic wage.** The calculation uses the last basic wage, not the gross wage
- **Part years count.** The worker earns the gratuity for fractions of a year in proportion to the time served
- **No minimum service.** Article 61 has no one-year threshold, so even a few months of service

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earn a share

- **No cap and no resignation cut.** The gratuity keeps growing with service and is the same whether the worker resigns or the employer ends the contract
- **Earlier service counts.** Service before the new law is included in the period of service (see the section on service before 31 July 2023)
- **Temporary rule.** Article 61 applies until the savings system of the Social Protection Law starts

What "basic wage" means

Article 1 of the Labour Law defines two pay terms. The **basic wage** (item 17) is the pay agreed in the employment contract plus the periodic allowance. The **gross wage** (item 18) is the basic wage plus all other allowances paid for the work.

Article 61 uses the basic wage. Housing, transport and other allowances are left out. A worker on OMR 600 basic, OMR 200 housing and OMR 50 transport has a gratuity base of OMR 600, not OMR 850. The gross wage matters for other payments, such as compensation for missed notice and arbitrary dismissal.

The formula, step by step

The law gives one month's basic wage per year and part years in proportion. It does not say how to count the part year. Our calculator counts calendar days and divides by 365, which is the plain reading of "in proportion".

- Step 1: take the final monthly basic wage
- Step 2: years of service = days from the first to the last working day, both included, ÷ 365
- Step 3: gratuity = final monthly basic wage × years of service
- Step 4: deduct government dues and proven employer claims, which Article 96 allows from the gratuity
- Oman amounts are shown to 3 decimals, because the rial has 1,000 baisa

Worked example 1: five years, then resignation

A non-Omani accountant joined on 1 September 2021 and resigned with notice with effect from 31 August 2026. The pay is OMR 600 basic, OMR 200 housing and OMR 50 transport. Only the basic wage counts, and resigning does not reduce the amount.

Example 1: OMR 600 basic, 1 September 2021 to 31 August 2026

```
Gratuity base = OMR 600 (housing and transport left out)
Service = 1,826 days, one leap day included = 1,826 ÷ 365 = 5.0027 years
Gratuity = 600 × 5.0027 = OMR 3,001.644
Counted in whole years it is 5 × 600 = OMR 3,000.000; the extra OMR 1.644 is the leap day
The amount is the same if the employer ended the contract instead
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Worked example 2: eight months of service

A non-Omani sales assistant joined on 1 January 2026 and resigned with effect from 31 August 2026. The basic wage is OMR 350. Article 61 has no minimum service, so the eight months earn a share.

Example 2: OMR 350 basic, 1 January 2026 to 31 August 2026

```
Service = 243 days ÷ 365 = 0.6657 years
Gratuity = 350 × 0.6657 = OMR 233.014
In Qatar or the UAE, or on resignation in Saudi Arabia, the same eight months would earn
nothing
```

Resignation, termination and dismissal compared

How the contract ends changes the gratuity in only one case: a dismissal under Article 40. The table covers non-Omani workers before the savings system starts.

ARTICLE 61 GRATUITY BY TYPE OF EXIT

How employment ends	Gratuity	Article
Worker resigns with notice	Full Article 61 amount	Arts. 38 and 61
Employer ends the contract with notice, not for an Article 40 reason	Full Article 61 amount	Arts. 38 and 61
Fixed-term contract expires	Full Article 61 amount	Arts. 42 and 61
Worker leaves without notice for an Article 41 reason, such as wages unpaid for more than 2 months in a row	Full Article 61 amount	Art. 41
Dismissal without notice on one of the 9 grounds of Article 40, such as forged documents or more than 7 days' unexcused absence in a row after a written warning	None	Art. 40
Dismissal that a court finds arbitrary or unlawful	Full amount plus 3 to 12 months' final gross wage as compensation	Art. 11

- Notice: under Article 38, either party may end an open-ended contract with written notice of 30 days for monthly-paid workers and 15 days for others, unless the contract gives more. A party that skips the notice owes compensation equal to the missed notice on the final gross wage
- Article 61 makes no exception for an exit during probation, so our calculator pays the share for that time too

Service before 31 July 2023

The old Labour Law (Royal Decree 35/2003) paid 15 days' basic wage a year for the first three years and a month a year after that. Article 61 of the new law says only that service before the law counts within the period of service.

In October 2024 the Oman Observer reported a Ministry of Labour clarification: for service that began under the old law, the years up to 31 July 2023 are counted at the old rates and later years at the new rate. In the Ministry's example, a worker who started on 1 August 2021 on OMR 500 basic earns OMR 250 a year for the period up to 31 July 2023. This view is not in the law text, so check it with the Ministry or counsel.

- Our free calculator follows the literal Article 61 text. In the payroll product a company can switch on the old-rate split in its payroll settings

Example 1 again, with the old rates up to 31 July 2023

```
1 September 2021 to 31 July 2023 = 699 days = 1.9150 years × 15 days × OMR 20 a day = OMR 574.521
1 August 2023 to 31 August 2026 = 1,127 days = 3.0876 years × 600 = OMR 1,852.603
Gratuity = OMR 2,427.123, or OMR 574.521 less than the literal Article 61 figure of OMR 3,001.644
```

Omanis and the Social Protection Fund

Omani workers in the private sector are insured with the Social Protection Fund under Royal Decree 52/2023, which took effect on 1 January 2024. Instead of a gratuity, the employer pays monthly contributions:

SOCIAL PROTECTION FUND CONTRIBUTIONS FOR OMANI PRIVATE-SECTOR WORKERS

Branch	Employer	Worker	Article
Old age, disability and death	11%	7.5%	Art. 70
Work injuries and occupational diseases	1%	None	Art. 90
Job security	0.5%	0.5%	Art. 116

- The wage for the old-age and work-injury branches is capped at OMR 3,000 a month (Article 52)
- Contributions are due within the first 15 days of the following month, and the employer may deduct the worker's share from the wage (Article 58)

The savings system for non-Omanis from 19 July 2027

The Social Protection Law creates a savings system that replaces the Article 61 gratuity for non-Omani workers. Article 139(1) sets the compulsory saving at **9% of the non-Omani worker's monthly basic wage**. Royal Decree 60/2025 lets the Fund's board set the start date, no later than four years from the issue of Royal Decree 52/2023, which is 19 July 2027.

On 2 November 2026 the Oman Observer and the Alroya newspaper reported the Fund's announcement: the savings system starts on **19 July 2027** and employers pay the 9% each month. Alroya reports that the 9% is not deducted from the worker's wage.

- **Service before the start date:** the employer still owes the gratuity for it (Article 138). The reports list three options: keep it and pay it when employment ends, on the basic wage at that time; pay it into the worker's bank account when the system starts; or deposit it in the worker's account with the Fund
- **Service after the start date:** no new gratuity builds up. The 9% goes to the Fund instead
- **Pay-out:** the worker gets the savings and their investment returns (Article 141) when employment ends, unless a new employment contract starts within the period the regulation sets, and on death or permanent disability (Article 143)
- **Extra saving:** employers and workers may pay in more than the compulsory 9% (Articles 136 and 139)

Example 3: OMR 500 basic, 1 January 2022 to 31 December 2028

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Gratuity for 1 January 2022 to 18 July 2027 = 2,025 days ÷ 365 = 5.5479 years × 500 = OMR 2,773.973, if the employer keeps it until the end of service
From 19 July 2027 the employer pays 9% × 500 = OMR 45.000 a month to the Fund
The 532 days from 19 July 2027 earn no gratuity; the worker collects that saving from the Fund
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Other rules for the final settlement

- **Pay at once.** Article 91 requires the wage and all amounts due to be paid immediately when the employment ends, or within 7 days if the worker abandoned the job
- **Deductions.** Government dues and proven employer claims may be deducted from the gratuity (Article 96)
- **Employer savings plans.** A plan approved by the Ministry and the Fund that pays at least as much as the gratuity, and is meant to replace it, is paid instead. If the worker also paid into the plan, both are due (Article 48)
- **Certificate and travel.** The employer gives a free end-of-service certificate on request (Article 62) and returns a non-Omani worker home within 60 days of the end of the contract (Article 14)
- **Claim within a year.** Rights under the Labour Law lapse one year after they arise (Article 9)

Check your own number

Our free Oman end-of-service calculator applies Article 61 exactly as described here and shows each step. It counts service up to 18 July 2027 as gratuity and service after it as savings-system time, gives no gratuity for Omanis or for an Article 40 dismissal, and marks other GCC nationals for manual review.

The calculator has an unpaid-leave field that shortens the service period. Article 61 does not mention unpaid leave, so leave it at zero unless your contract or adviser says otherwise.

Frequently asked questions

How is end of service calculated in Oman?

Take the final monthly basic wage and multiply it by the years of service, with part years in proportion. Under Article 61 of the Labour Law (Royal Decree 53/2023) this is a minimum, so a contract can give more. It applies to workers not covered by the Social Protection Law, which in practice means non-Omani workers.

Is Oman gratuity based on basic or gross salary?

On the final basic wage: the contract wage plus the periodic allowance. Housing, transport and other allowances are not counted.

Do I lose my gratuity if I resign in Oman?

No. Article 61 has no resignation reduction, so you get the full amount. Give the notice in Article 38, or you may owe compensation equal to the missed notice on your gross wage.

Is there a minimum service for gratuity in Oman?

No. Article 61 has no one-year threshold. Eight months on OMR 350 basic earn about OMR 233.

What is the gratuity for 5 years in Oman?

Five months' basic wage. On OMR 700 basic that is 5 × 700 = OMR 3,500, plus a little more if the period includes a leap day.

Do Omanis get end-of-service gratuity?

Not under Article 61. Omanis working in Oman are insured with the Social Protection Fund, and Article 61 covers only workers outside the Social Protection Law. Their benefit is the Fund's

pension.

What changes for expatriates in July 2027?

From 19 July 2027 the employer pays 9% of the monthly basic wage to the Social Protection Fund instead of building up a gratuity. Gratuity earned before that date stays owed: it can be paid at the end of service, paid out when the system starts, or deposited with the Fund.

Sources

- decree.om: Oman Labour Law, Royal Decree 53/2023, Articles 1, 9, 11, 14, 38, 40, 41, 48, 61, 62, 91 and 96
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- Oman Observer: savings system for expatriates from July 2027 (press report)
  https://www.omanobserver.om/ampArticle/1198979
- Oman Observer: Ministry of Labour on gratuity for service before the new law (press report)
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- Oman Ministry of Labour
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- Social Protection Fund
  https://www.spf.gov.om/

Put your own dates and basic wage into the **free Oman end-of-service calculator**: it shows the Article 61 working line by line and splits service at 19 July 2027. Running Oman payroll? ERP HRM Solution builds the gratuity and the Social Protection Fund contributions into the final settlement, in the cloud.
https://erphrmsolution.com/guides/oman-end-of-service-calculation