



# Malaysia

Country Guide 2024



# About Us

Access Financial is the leading global provider of contract management, outsourced payroll and umbrella services. We offer customised and compliant solutions to corporate clients, recruitment agencies and professional contractors. We specialise in mitigating tax liability, fully subscribing to labour law and supporting immigration.

The numerous benefits of partnering with Access Financial as your trusted provider include:

- Boosting take-home pay;
- Minimising administration for contractors, recruiters and corporates;
- Providing customised software for better payroll management;
- Ensuring compliance with all relevant laws and regulations;
- Providing complete data security and confidentiality of all payroll information.

## Our Solutions

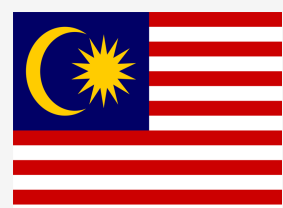
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Employed



Employer of Record (EOR)



## Malaysia

|                      |                         |
|----------------------|-------------------------|
| Capital              | Kuala Lumpur            |
| Spoken Language      | Malay, English          |
| Currency             | Malaysian Ringgit (MYR) |
| Minimum monthly wage | MYR 1,500 (Gross)       |

Malaysia is a country in Southeast Asia, with a tropical climate, fantastic beaches, and a fascinating colonial history. Life in Malaysia is generally easy, affordable, and low-stress; the locals are very friendly, and it has great infrastructure which is constantly expanding.

Malaysia has a lot of employment opportunities, and even though there are not too many social security benefits for foreigners unless they are a permanent resident, the costs for things like health care are low, and the quality is excellent.

### Entry Visa

Citizens from a lot of countries, including most of Europe, can enter Malaysia for a short stay without a visa.

### Work Permit / Residence Permit

In order to receive a Malaysian Work Permit (Employment Pass), an individual must have a highly skilled position, and a salary of at least MYR 3,000 per month. The employer must first get approval by the Expatriate Committee; after that, they need to apply for the work visa at the Immigration Department; when the work visa is granted, the employee will receive a visa approval letter, which will allow them to enter Malaysia. After arrival, the employee will get a work permit card at Immigration; this also works as a temporary residence permit.

#### Permanent Residence Permit

It is possible for foreign nationals to apply for a permanent residence, provided they are a highly skilled professional with at least 3 years' seniority at a private company in Malaysia and are recommended by a Malaysian authoritative agency related to your field. Alternatively, there is also a point-based system for individuals who have lived in Malaysia with a valid work permit for several years, where points are scored for duration of employment, qualifications, investments, proficiency in the language and several other categories.

### Public Holidays

- **New Year's Day**, 01 Jan
- **Chinese New Year**, 10 Feb – 12 Feb
- **Prophet's Ascension**, 18 Feb
- **Nuzul Al-Quran**, 28 Mar
- **Hari Raya Aidilfitri**, 10 Apr – 11 Apr
- **Labour Day**, 01 May
- **Wesak Day**, 22 May
- **Agong's Birthday**, 03 Jun
- **Eid al-Adha**, 17 Jun
- **Islamic New Year**, 07 Jul
- **National Day**, 31 Aug
- **Malaysia Day**, 16 Sept
- **Prophet's Birthday**, 16 Sept
- **Deepavali**, 31 Oct
- **Christmas Day**, 25 Dec

## Social Security Registration

Employers in Malaysia are required to register their foreign employees with SOCSO (the country's Social Security organization), in order to contribute to the Employment Injury Scheme; the employees will receive a Foreign Worker Social Security number.

## Working Hours

A standard working week in Malaysia is either 8 hours/day for a 6-day working week, or 9 hours/day for a 5-day workweek. Employees are entitled to a 30 minute break after working any 5 consecutive hours.

## Vacation Allowance

The amount of annual leave in Malaysia is dependent on the period of employment; individuals working for less than a year are not entitled to any leave.

| Years Worked       | Leave Amount (Days) |
|--------------------|---------------------|
| Over 1 and up to 2 | 8 days              |
| Over 2 and up to 5 | 12 days             |
| Over 5             | 16 days             |

## Sick Leave

The amount of annual leave in Malaysia is dependent on the period of employment; individuals working for less than a year are not entitled to any leave. Employees must notify their employer within 48 hours, and should provide a medical certificate; if the illness requires hospitalization, the employee is entitled to up to 60 days of paid sick leave.

| Years Worked       | Sick Leave Amount (Days) |
|--------------------|--------------------------|
| Over 1 and up to 2 | 14 days                  |
| Over 2 and up to 5 | 18 days                  |
| Over 5             | 22 days                  |

## Maternity / Paternity Leave

**Maternity:** 90 days, fully paid.

**Paternity:** 7 days, provided they have worked at the company for at least 12 months.

## Pension

Public pension in Malaysia is covered by contributions to the Employee's Provident Fund, which are only mandatory for Malaysian nationals and permanent residents; if a foreign individual opts to contribute as well, they are entitled to withdraw their savings if/when they decide to leave Malaysia.

## Termination & Severance

After employment termination, employees are entitled to a minimum statutory severance pay, which is dependent on the length of employment.

| Years Worked             | Severance Pay                         |
|--------------------------|---------------------------------------|
| Under 2 years            | 10 day's wages per year of employment |
| Over 2 and up to 5 years | 15 day's wages per year of employment |
| Over 5 years             | 20 day's wages per year of employment |

## Notice Period

| Years Worked             | Notice Period |
|--------------------------|---------------|
| Under 2 years            | 4 weeks       |
| Over 2 and up to 5 years | 6 weeks       |
| Over 5 years             | 8 weeks       |

## Social Security

The majority of social security contributions in Malaysia are limited to Malaysian nationals and individuals with a Permanent Residence.

| Contribution                             | Employer   | Employee | Notes   |
|--|--|----------|---|
| Invalidity Pension Scheme (IPS)          | 1.75%  | 0.5%     | Only Malaysian nationals and Permanent Residents    |
| EIS (Employment Injury Insurance Scheme) | 1.25%  | 0%       | For all employees Capped at 49.40                   |
| Employee's Provident Fund                | 12 % (Income > MYR 5,000)<br>13 % (Income <= MYR 5,000)<br>MYR 5 per person for foreigners | 11%      | Optional for foreigners without Permanent Residence |
| Employment Insurance System (EIS)        | 0.2%   | 0.2%     | Only Malaysian nationals and Permanent Residents    |

## Taxation

The Malaysian individual income tax year runs from 1 January to 31 December.

### Tax Rates

The following progressive rates apply for 2024.

| Taxable Income (MYR) | Rate (%) |
|----------------------|----------|
| 0 – 5,000            | 0%       |
| 5,001 – 20,000       | 1%       |
| 20,001 – 35,000      | 3%       |
| 35,001 – 50,000      | 8%       |
| 50,001 – 70,000      | 11%      |
| 70,001 – 100,000     | 19%      |
| 100,001 – 400,000    | 25%      |
| 400,001 – 600,000    | 26%      |
| 600,001 – 2,000,000  | 28%      |
| 2,000,001 +          | 30%      |

## Tax Returns

The annual income tax return must be filed electronically by 30 April of the following year.

### Double Taxation

Malaysia has tax treaties with multiple other countries, which can reduce payable tax on certain incomes. If an individual pays foreign income tax in a country without a treaty, they are entitled to a tax credit in Malaysia of half the foreign tax paid.

## Health Insurance

Since Malaysia does not have an official public health insurance program, foreigners living and working in Malaysia are not eligible for subsidized rates at public health facilities.

## Cost of Living

The cost of living in Malaysia is on the low side compared to many other countries. The estimated monthly cost for a single person is around MYR 3,000 – 3,500 with 1,000 – 1,500 going to rent.

## How We Can Help

It can be challenging to figure out how to employ a team and set up payroll in Malaysia; it requires great attention to detail and a deep understanding of local best practices.

We provide a full set of services in Malaysia allowing corporate clients, recruitment agencies and professional contractors to operate in an optimal manner while ensuring that all local employment obligations are taken care of.

Access Financial offers the following solutions in Malaysia:

- Employed
- Employer of Record (EOR)

If you would like to discuss how Access Financial can help, please contact us.

## Disclaimer

We have prepared this as a guide only; it does not form part of an offer. Please request illustrations based on your specific case from one of our solution managers.





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