

Employers to pay levy for foreign workers from Jan 1, 2018

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By **TASNIM LOKMAN** - December 20, 2017 @ 9:22pm

KUALA LUMPUR: Beginning Jan 1, 2018, employers will be responsible for paying the levy for their foreign workers.

Announcing this today, the Human Resources Ministry, in a statement, said with the implementation of this new policy, all employers must bear the cost of levy payments for new foreign workers as well as foreign workers who have renewed their Temporary Employment Visit Pass (PLKS).

This also applies to employers who have already forwarded their levy payments before the policy comes into force, even if the PLKS period is still active from 2017 and expires in 2018.

"The levy payment requirement is already stipulated in the Employers Undertaking document which is signed by employers before they are permitted to hire foreign workers.

"Strict measures will be taken against employers who fail to comply with the law, regulations and policies in place with regards to the levy payment of foreign workers," said the ministry.

The ministry said the levy rates for foreign workers, issued by the Immigration Department in Peninsular Malaysia for the manufacturing, construction and services sectors are fixed at a rate of RM1,850 while the agriculture and farming sector is RM640.

The levy for a household's first foreign maid is fixed at RM410, the second (RM590), while the third, fourth and subsequent ones are at RM590.

As for Sabah and Sarawak, the levy for the manufacturing sector is set at RM1,010, services (RM1,490), services (RM1,490), agriculture and farming (RM410).

As for household maids, the levy for the first maid is fixed at RM410, second (RM590), third, fourth and subsequent ones at RM590.

The policy, which will be enforced under the Employer's Mandatory Commitment, was approved by the Cabinet on March 25, 2016 and was initially scheduled to come into force on Jan 1, 2017.

However, after discussions with employers' organisations and taking into account business costs, the industry's adjustment period and human resources management of companies involved, the government decided to postpone it to next year.

The ministry said this policy is an initiative to improve the foreign workers management system in Malaysia, which has been outlined in the 11th Malaysia Plan.

Other initiatives include limiting the employment of foreign workers at 15 per cent for the country's total employment rate by 2020, and regulating the entry of low-skilled foreign workers through the improvement of the foreign workers levy system.

The employers' organisations involved include the Malaysian Employers Federation, Federation of Malaysian Manufacturers, The National Chamber of Commerce and Industry of Malaysia, SME Association of Malaysia, Japanese Chamber of Trade and Industry Malaysia, Associated Chinese Chambers of Commerce and Industry of Malaysia, Malaysian Associated Indian Chambers of Commerce and Industry, Master Builders Association Malaysia and Malaysian Rubber Products Manufacturers Association.