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Govt revises levy for foreign workers

New rates for peninsular Malaysia following outcry from employers

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PUTRAJAYA: Following on outcry from employers over the proposed levy hike for foreign workers, the Government has revised the fees, saying the new rates to be imposed are justified.

The levy for foreign workers who fall under category one – manufacturing, construction and service sectors – is now RM1,850.

The Home Ministry in a statement yesterday said the levy for those in category two (plantation and agriculture) would be RM640.

The decision to revise the fee was made by the Cabinet at its meeting last week and it comes into force in peninsular Malaysia effective yesterday.

The Government, when announcing the restructuring of foreign workers levy on Jan 28, had set the rate for those in category one at RM2,500 and those in category two at RM1,500.

The new fees will see an increase of RM600 for manufacturing and construction sectors and RM230 and RM50 respectively for agriculture and plantation sectors, compared to the old rates, said the ministry.

"The increase in levy differs from one sector to another and is in tandem with the income and remuneration offered.

"The rates are not only competitive but also justified as foreigners who are working here also enjoy the facilities, amenities and infrastructure provided by the Government.

"The levy imposed is at an optimum rate, that will not affect the country's economic growth and its plans to reduce dependency on labour intensive industries," the ministry added.

It said the rates proposed earlier did not go down well with employers, especially industries that were highly dependent on labour.

"The Government then decided to freeze the implementation and bring all stakeholders to the discussion table to help decide on suitable rates.

"On Feb 16, the ministry met 28 groups and associations representing employers, who told us that the increase was too steep and could affect business during this challenging economic times," it said.

Following the discussion, the Government agreed to review the proposed rates.

The Home Ministry reiterated that the halt in recruitment of new foreign workers as announced on March 12 would remain, and focus would be given to the rehiring programme which ends on June 30.

"We urge employers who are still hiring foreigners illegally not to wait till the last minute to register their workers. Those who fail to do so will face serious consequences," it said.

The ministry reminded employers to give priority to locals when it comes to filling job vacancies and that hiring foreigners should be their last option to meet their labour needs.

New levy for foreign workers

	Old Rates	Proposed Rates	Final Rates	Difference
Manufacturing	RM1,250	RM2,500	RM1,850	+RM600
Construction	RM1,250	RM2,500	RM1,850	+RM600
Plantation	RM590	RM1,500	RM640	+RM50
Agriculture	RM410	RM1,500	RM640	+RM230
Service	RM1,850	RM2,500	RM1,850	Unchanged

Rates effective March 18, for peninsular Malaysia only.
Source: Home Ministry