

# BIPO TIMES

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## Employment Law in Malaysia: What You Need to Know

Malaysia has grown to become a popular regional hub for expansion into the Association of Southeast Asian Nations (ASEAN) region, complemented by its favourable geographic location and multilingual mix of Malay, Indian and Chinese populace. The labour laws in Malaysia are often perceived to favour the employees, hence it is important that businesses are compliant with the local employment laws and practices.

Employment law is typically governed by the Employment Act (EA), 1955 and it sets out certain minimum benefits for Malaysian employees and foreign nationals who fall within the following categories:

- Employees whose monthly salary is RM2,000 or below
- Employees who are manual labourers, regardless of salary
- Employees engaged in the operation or maintenance of mechanically propelled vehicle
- Employees who supervise or oversee manual labourers
- Employees engaged in any capacity on a sea vessel (subject to certain other conditions)
- Domestic servants

### Salary & Overtime

In Malaysia, the minimum wage for the private sector in Peninsular Malaysia is RM1,000 a month and RM920 in Sabah, Sarawak and Labuan. The minimum wage policy also applies to employees who are paid based on piece rate, tonnage, task trip or commission.

Employees have the right to be paid overtime if they are required to work more than what is stated in their employment contract. Payment for overtime work is as follows:

Working in excess of normal working hours on a normal work day	1.5x hourly rate of pay
Rest day, but working normal working hours	Where work does not exceed half his normal hours of work: ½ the ordinary rate of pay for work done on that day Where work is more than half but does not exceed normal hours of work: 1 full day's wages at the ordinary rate of pay
Rest day, but working in excess of normal working hours	2x hourly rate of pay
Public holiday, but working normal working hours	2 days of wages at ordinary rate of pay
Public holiday – in excess of normal working hours	3x hourly rate of pay

## Working Hours & Holidays

Employees are not required under their contract of service to work:

- More than 5 continuous hours without a minimum resting time of 30 minutes
- More than eight hours in a day
- More than 48 hours in one week

Employees are entitled to at least one rest day in a week as well as 11 gazetted public holidays, five of which include:

- National Day
- Birthday of Yang di-Pertuan Agong
- Birthday of the Ruler or the Yang di-Pertua Negeri of the state where the employee works
- Labour Day / Worker's Day
- Malaysia Day

The other 6 holidays are chosen by the employer from the list of gazetted public holidays and they must be exhibited conspicuously at the workplace and specified by the employer which remaining six gazetted public holidays are being observed.

There have been instances where the government has declared a public holiday without much notice to the public. One recent example was in May 2018 when the government declared 3 public holidays for all regions except Sarawak, in conjunction with the 14<sup>th</sup> general election.

## Social Security (SOC SO)

SOC SO provides social security coverage to employees and their dependants through social security schemes such as Employment Injury Insurance Scheme and Invalidity Pension Scheme, and promotes occupational safety and health awareness.

Under the new Employees' Social Security (Amendment) Act 2016, effective 1 June 2016, SOC SO contributions are mandatory for all employees regardless of their salary. Prior to this, it was only required for employees earning a monthly salary of less than MYR3,000.

If employees' salaries exceeds MYR4,000 a month, their salary for the purposes of calculation, SOC SO contributions will be deemed to be only MYR4,000 a month. The current rates of contribution varies from MYR0.10 to MYR19.75 for the employee and MYR0.40 to 69.05 for the employer.

## Annual Leave

The minimum requirements for annual leave is as follows:

Length of Service	Annual Leave Entitlement
Less than 2 years	8 days
2 years or more, but less than 5 years	12 days
More than 5 years	16 days

## Termination of Employment

Employees are entitled to the minimum notice period prescribed under the EA unless they are dismissed for a justifiable reason, such as poor performance, redundancy or misconduct.

Length of Service	Minimum Notice Period
Less than 2 years	Four weeks
2 years or more, but less than 5 years	Six weeks
More than 5 years	Eight weeks

Employees dismissed for business-related reasons like retrenchments and business closures are entitled to compensation if employees are employed under a continuous contract for at least 12 months before the termination. Termination benefits payable are as follows:

Length of Service	Compensation
Less than 2 years	10 days of salary for every year of employment
2 years or more, but less than 5 years	15 days of salary for every year of employment
More than 5 years	20 days of salary for every year of employment

For non-EA employees, the obligation to pay retrenchment benefits would be in accordance with their employment contract, if applicable.



## BIPO Participates at HRoot China Human Resource Service Expo 2018

BIPO once again supported the annual HRoot China Human Resource Service Expo 2018, which took place at Kerry Hotel Pudong in Shanghai on 8 June. This event attracted over 10,000 HR professionals who enjoyed a full day of presentations on latest HR trends and key industry issues. Kevin Zhou, Senior Consultant of BIPO China was also featured as one of the conference speakers, addressing workforce management policies and practices in the Asia Pacific region.



## BIPO Engages HR Practitioners with Successful Business Seminar

In collaboration with Laboroot, BIPO team in Shanghai held a successful business seminar on 'Overseas Employment & Risk Management for Foreign Companies in China' on 21 June. Kevin Zhou, Senior Consultant of BIPO China led the event, touching on the various local personnel requirements and challenges within Asia Pacific. The event also gathered distinguished HR guests to share valuable lessons on foreign labour policies and overseas employment.



## BIPO Singapore Partners JustCo to Run Exclusive Event

BIPO Singapore team, together with JustCo, Singapore's largest coworking space and hot desking office will be running an exclusive business seminar 'Engaging Employees & Transforming Practices with HR Automation' on Friday, 27 July. During the event, we will share some key HR trends and the future of work, as well as the opportunities generated by new technologies.

If you or your colleagues in Singapore are interested to attend, please RSVP and register via this link: <https://tinyurl.com/y8xxg4pu>

## BIPO Indonesian Team Bonds Over Food!



Our Indonesian team recently bonded over afternoon snacks and bubble tea, after all food provides fuel for work!

Cheers to a great team in our Jakarta office!

## BIPO Taiwan Office Relocates!

We are incredibly excited to announce that our Taiwan office has moved to a new office space to better serve you. With effect from Friday, 29 June, our new office location is at:

**8F, No. 178, Sec. 3 Mincuan East Road, Songshan District,  
Taipei City 10542, Taiwan (R.O.C.)**

Our contact number remains unchanged at +886 2 2175 2970.

We thank you for your support thus far and we look forward to the continued support in future!



## BIPO Taiwan Office Officially Opens!

In celebration of BIPO Taiwan new office's opening, our team members were decked in BIPO corporate colours, blue and white on Friday, 29 June. To commemorate this joyous occasion, everyone was given a pair of blue-white slip-on souvenir, which is unique in Taiwan, and treated to wine and happy food!

## About Us

BIPO is a leading one-stop human resources provider in Asia Pacific, focused on providing organisations with innovative ways to manage complex end-to-end HR processes. Through our cloud and mobile-based Human Resources Management system as well as industry-leading solutions such as Payroll Outsourcing, Attendance Automation, Business Intelligence, HR Consulting, Recruitment & Business Process Outsourcing and Flexible Employee Management, we help companies transform their HR operations to and beyond their expectations, while achieving business goals related to cost and profitability.

Founded in 2004, our APAC headquarters is in Singapore and R&D centre in Indonesia. We have offices in Australia, China, Hong Kong, India, Japan, New Zealand, Philippines, Vietnam, Taiwan and Thailand with business links in over 10 countries and regions.

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## Meet Us at Nikkei Smart Work Human Capital 2018!

We will be exhibiting at Nikkei Smart Work Human Capital 2018, the leading HR event in Tokyo, where HR and business leaders come together to share their human capital and management best practices and expertise.

Come meet our BIPO team at booth #332 and learn how we can help you streamline your HR processes and operations with our innovative HRMS solutions.

**Date:** Wednesday – Friday, 4 – 6 July 2018

**Time:** 10.00 am to 5.30 pm

**Venue:** Hall E1 & E2 of Tokyo International Forum,  
3-5-1 Marunouchi, Chiyoda-ku, Tokyo, 100-0005

