



GMS Flash Alert

Immigration Edition

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Malaysia - Expatriate Services Division Makes Several Updates via MYXpats

The Expatriate Services Division ("ESD") in Malaysia recently issued the following updates through the MYXpats online portal¹:

- i. Centralisation of Professional Visit Pass ("PVP") processing at MYXpats Centre (effective 1 April 2017).
- ii. Updating of a company's "corporate" profile through the Companies Commission of Malaysia ("CCM") e-info in ESD's system (effective 1 August 2017).
- iii. MYXpats "Open Day" Briefing.
- iv. Re-classification of Employment Passes ("EP") category I, II, and III (effective 1 September 2017).

WHY THIS MATTERS

Global mobility professionals charged with the immigration affairs of their assignees and immigration counsel should be aware of these updates since such changes could impact their processes and procedures.

Centralizing the process of PVP and EP applications will help employers make enquiries and know the status of their applications much more easily. Moreover, processing time for the PVP has been shortened.

The CCM e-info details update function in the ESD system should make updating a company's profile easier and more efficient.

The re-classification of EP categories comes with new salary requirements and durations.

Centralisation of the Professional Visit Pass (“PVP”) processing at MYXpats Centre (effective 1 April 2017)

Before the centralization, it was a challenge to contact the ESD Headquarters at Putrajaya for enquiries on PVP applications or to follow up on the status of PVP applications submitted for processing. With the centralization of processing of PVP applications together with EP applications, employers are now able to contact MYXpats Centre to conveniently check the status of both PVP and EP applications. The processing time of the PVP has been shortened from 30 days to 14 days since the centralisation.

KPMG NOTE

However, the endorsement of the PVP is still being carried out at the Immigration Department in the Headquarters (“IDM”) at Putrajaya or at selected Immigration state offices only. It is expected that MYXpats Centre would be able to handle the endorsement of the PVP in the near future.

Updating the Company’s Corporate Profile through the Companies Commission of Malaysia (“CCM”) E-info Details in ESD System (Effective 1 August 2017)

The CCM e-info details update function in the ESD system was made available effective 21 March 2017. Starting from 1 August 2017, all companies that have been successfully registered with ESD for EP and PVP applications are required to update their companies’ corporate details on a yearly basis. The ESD will evaluate the EP and PVP applications based on the latest corporate profile updated through the CCM e-info portal.

MYXpats “Open Day” – Briefing

During the MYXpats “Open Day” briefing on 19 May 2017, it was mentioned that applicants are required to settle any outstanding balance of tax in full, in order to be allowed to renew the existing EP. The receipt for the balance of tax or tax paid is to be uploaded into the ESD system.

KPMG NOTE

This is notwithstanding that the Malaysian Inland Revenue Board (“MIRB”) may have earlier allowed the applicants to settle their outstanding taxes through installments. Companies that pay tax for their expatriates need to be cognizant of this requirement.

Pursuant to Section 77C of the Income Tax Act, 1967, a taxpayer is allowed (after meeting certain conditions) an option to treat the Monthly Tax Deduction (“MTD”) as the final tax. With this option, the taxpayer is not required to file his Malaysian tax return. However, according to MYXpats, during the briefing, the option to treat MTD as the final tax would not meet the Immigration requirements. Hence, the individual is still required to file his or her Malaysian personal tax return. A copy of the same tax return must be uploaded to the ESD system to facilitate the application for extension of the EP.

Affected employees holding work permits who are considering the option to dispense with filing of tax returns (if they meet stipulated conditions) need to take note of this fact.

Re-classification of Employment Passes Category I, II, and III (Effective 1 September 2017)

An official announcement was made on 1 April 2017 by the Ministry of Home Affairs on the re-classification of the EP categories.² (For prior coverage of EP matters, see GMS [Flash Alert 2017-022](#), 3 February 2017.) This will take effect from 1 September 2017, with the following changes:

Employment Pass Type	 Salary		 Contract		 Dependents	
	Before	After	Before	After	Before	After
Category I Expatriate	RM5,000	RM10,000	min 2 years	Up to 5 years	Allowed	Allowed
Category II Expatriate	RM5,000	RM 5,000 to RM 9,999	Less than 2 years	Up to 2 years	Allowed	Allowed
Category III *Knowledge/skilled	RM2,500 to RM4,999	RM 3,000 to RM 4,999	<=12 months (maximum 2x renewal)	<=12 months (maximum 2x renewal)	Not Allowed	Not Allowed

* Mandatory medical check-up and levy only for Construction, Manufacturing, Mining, Food related sector to be implemented for EPIII

Source: "Employment Pass Re-Classification (Category I, II, and III)," MYXpats Centre, Immigration Department of Malaysia

Before the re-classification, the IDM would generally grant the EP for two years followed by an extension of another two years after the expiry. With the above re-classification, the expatriates holding higher management positions with a basic salary of MYR 10,000 and above will be eligible to apply for EP for up to five years. However, it is important to note that the approval is still at the discretion of the ESD.

KPMG NOTE

With the new announcements described above, ESD is striving to be transparent in its approving process and have open communications with employers.

However, employers are reminded that MYXpats Centre is exercising stricter review of the documents submitted for EP or PVP applications before making recommendations to ESD for approval. Where applicable, a support letter from the Regulatory Body or Approving Agency must be uploaded together with the EP or PVP application submitted by a sponsoring company if the activity of the company falls under the purview of a specific Regulatory Body or Approving Agency.

FOOTNOTES:

1 For more information, see: <https://esd.imi.gov.my/portal/> .

2 For the announcement of the re-classification, see: <https://esd.imi.gov.my/portal/latest-news/announcement/employment-pass-reclassification-category-i-ii-and-iii/>. The information in the publication has been updated as accurately as possible until the date of print. Although every attempt has been made to check the accuracy of this publication, the Immigration Department of Malaysia accepts no responsibility for errors or omissions, if any.

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MYR 1 = EUR 0.209
MYR 1 = USD 0.234
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