

GMS Flash Alert

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Malaysia - Social Security Coverage Extended to Foreign Workers

Effective 1 January 2019, employers in Malaysia that hire foreign workers (excluding domestic servants), including expatriates, with valid documents, must register their employees with SOCSO (the country's Social Security organisation) and contribute to the Employment Injury Scheme. Under the Employment Injury Scheme, foreign workers, including expatriates, are eligible for medical benefits, temporary/permanent disablement benefits, constant-attendance allowance, dependent's benefits, and rehabilitation. However, benefits from the Invalidity Scheme do not extend to foreign workers, including expatriates.

WHY THIS MATTERS

Prior to 2019, SOCSO was not mandatory for expatriates. With implementation of the new rules, companies registered in Malaysia are required to register all their expatriates with SOCSO. This step will mean additional administration for employers of such expatriates.

The extension of SOCSO coverage to expatriate employees will however have minimal impact on the cost of international assignments as the contributions is cap at MYR 49.40.

Background

In Malaysia, the Social Security Organisation (SOCSO) covered only employees who are Malaysian citizens or permanent residents for the benefits listed below¹:

- Employment Injury Scheme — Protection against accident or occupational disease arising out of or in the course of one's employment.

- Invalidity Scheme — Protection for employees who suffer from invalidity or death due to any cause not related to employment.

The contribution to SOCSO consists of two portions: employer's contribution and employee's contribution.

New Rules

Effective 1 January 2019, employers in Malaysia who hire foreign workers (excluding domestic servants), including expatriates, with valid documents must register their employees with SOCSO and contribute to the Employment Injury Scheme only.² Under the Employment Injury Scheme, foreign workers, including expatriates, are eligible for medical benefits, temporary/permanent disablement benefits, constant-attendance allowance, dependent's benefits and rehabilitation. However, benefits from the Invalidity Scheme do not extend to foreign workers, including expatriates.

Who Contributors? How Much to Contribute?

For foreign workers, including expatriates, only employers are required to contribute to SOCSO. Employees are not required to make a contribution.

Employers are required to contribute 1.25 percent of an employee's monthly wages to SOCSO on a monthly basis (subject to the insured wage ceiling of MYR 4,000 per month and capped at MYR 49.40).

All foreign workers must register to obtain the Foreign Worker Social Security No. (12-digit KSPA No.), which is compulsory for the submission of the employee's contribution record. This 12-digit KSPA No. must be referred to when dealing with SOCSO on all matters related to foreign workers despite any subsequent changes to the worker's passport details, valid working permit, or equivalent document in the future.

FOOTNOTES:

1 For more information, see the [Web site](#) for Malaysia's Social Security Organisation (*Pertubuhan Keselamatan Sosial*).

2 To see "Employer's Circular No. 3 Year 2018 Employees' Social Security Act, 1969," click [here](#).

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MYR 1 = USD 0.2458
MYR 1 = EUR 0.2167
MYR 1 = GBP 0.188
MYR 1 = AUD 0.343

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