KPMG

GMS Flash Alert

Immigration

2026-017 | 22 January 2026

Malaysia – New Minimum Salary Thresholds and Employment Duration for Employment Passes

The Ministry of Home Affairs (MOHA) has announced that a revised expatriate salary policy for Employment Pass (EP) Categories I, II, and III will be implemented effective 1 June 2026, following Cabinet approval on 17 October 2025.[1]

WHY THIS MATTERS

The revision will substantially impact multinational organizations and globally mobile employees seeking to obtain or renew Employment Passes in Malaysia. Failure to meet the new criteria may result in application rejections or delays, affecting assignment planning, talent acquisition, and retention.

Background

The previous expatriate salary policy was based on the Economic Council's decision dated 20 December 2016. Since 2022, MOHA has conducted structured engagements with industry stakeholders to strengthen the policy, aligning it with the Thirteenth Malaysia Plan (RMK-13) objectives to reduce reliance on foreign labour and prioritize the employment of qualified local talent.

The revision is not intended to restrict the employment of expatriates but to ensure that the expatriate's employment genuinely complements and catalyzes the development of local capacity.

Key Developments

Effective 1 June 2026, Malaysia will implement new minimum salary thresholds and a structured employment duration framework for all new and renewal Employment Pass applications.

Revised Minimum Salary Thresholds and EP Duration

- Category I: Minimum salary increased from RM10,000 to RM20,000 (up to 10 years).
- Category II: Minimum salary increased from RM5,000–RM9,999 to RM10,000–RM19,999 (up to 10 years with succession plan).

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- Category III: Minimum salary increased from RM3,000–RM4,999 to RM5,000–RM9,999 (up to 5 years with succession plan).

Scope and Implementation

- Applies to all new and renewal EP applications submitted on or after 1 June 2026.
- MOHA will hold engagement and consultation sessions for stakeholders to clarify requirements and implementation mechanisms.

Government Commitment

- Policy enhancements will be implemented gradually, balancing national interests, economic growth, and local human capital development under the Malaysia MADANI principles.

Support and Further Information

- FAQs available from MOHA.
- MYXpats Helpdesk: helpdesk@myxpats.com.my / +603-7839 7171.
- eXpats Helpdesk : expatctr@mdec.com.my / +603-8325 3106.

KPMG INSIGHTS

The significant increases in salary thresholds and introduction of employment duration frameworks for EP categories represent a strategic shift to encourage local talent development and reduce reliance on foreign labour. Organizations may face higher assignment costs and need to review compensation structures and succession planning for affected roles. The requirement for a succession plan in Categories II and III may add administrative and compliance complexity.

In light of the changes, organizations may wish to:

- Audit existing and prospective expatriate contracts for alignment with new salary requirements.
- Update mobility policies and assignment budgets accordingly.
- Prepare succession plans for EP Categories II and III as required.
- Attend MOHA engagement sessions and consult MYXpats Helpdesk for compliance clarification.

What's Next?

Further announcements may be issued regarding transitional regulations for existing expatriates.

Besides the revision of the EP requirements, similar changes are also expected to be introduced for the Resident Pass–Talent (RP T), although no official announcement has been made yet. RP T holders or interested applicants are encouraged to monitor new announcements to ensure continued eligibility.[2]

Readers may wish to contact their usual immigration adviser, tax services or employment law professional, or a member of the KPMG team in Malaysia (see Contacts).

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FOOTNOTES:

1 Expatriate Services Division, "REVISED EMPLOYMENT PASS SALARY POLICY EFFECTIVE 1 JUNE 2026" and eXpats, Malaysia Digital Economy Corporation, "Revision to EP minimum salary," published in January 2026.

2 Also see, RP-T, TalentCorp.

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Contacts

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