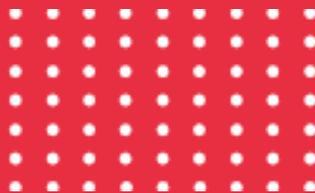


KEMENTERIAN SUMBER MANUSIA

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KERATAN AKHBAR KESUMA”

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Sim: 2% EPF rate for foreign workers is the right move



Inclusive policy: Sim (right) interacting with participants at a tax seminar on Budget 2026 in Penang. — Bernama

GEORGE TOWN: The implementation of a 2% Employees Provident Fund (EPF) contribution rate for both employers and non-citizen employees is a fair and balanced step to ensure social justice while maintaining Malaysia's international reputation, says Steven Sim.

The Human Resources Minister said the move, which came into effect last month, is in line with international labour standards and is essential to upholding Malaysia's credibility in the global market.

Sim said the 2% contribution scheme provides three key benefits, including reducing the outflow of foreign currency estimated at RM1bil annually.

It is also aimed at minimising the risk of workers absconding from their employers, and creating an emergency savings fund for foreign workers while they are in Malaysia.

"This contribution is not a retirement scheme like that for local workers. It is a savings fund that can be withdrawn when they return to their home countries, and it can also be used for emergencies, including in cases of death," he said.

"While it may seem small compared to the over 10% contributed by Malaysian workers, it at least provides basic social protection for foreign employees," he said at a tax seminar on Budget 2026, Bernama reported.

Sim said that although the policy does not fall directly under his ministry, as the EPF is administered by the Finance Ministry, he wants to correct public misconceptions about its purpose.

He said the policy strikes a balance between economic and social objectives, while also signalling that Malaysia is committed to protecting workers' rights and ensuring ethical governance in managing its foreign labour market.

"Fundamentally, this is the right thing to do.

"Legally, it aligns with international labour regulations, and practically, it delivers immediate benefits to the country," he said.