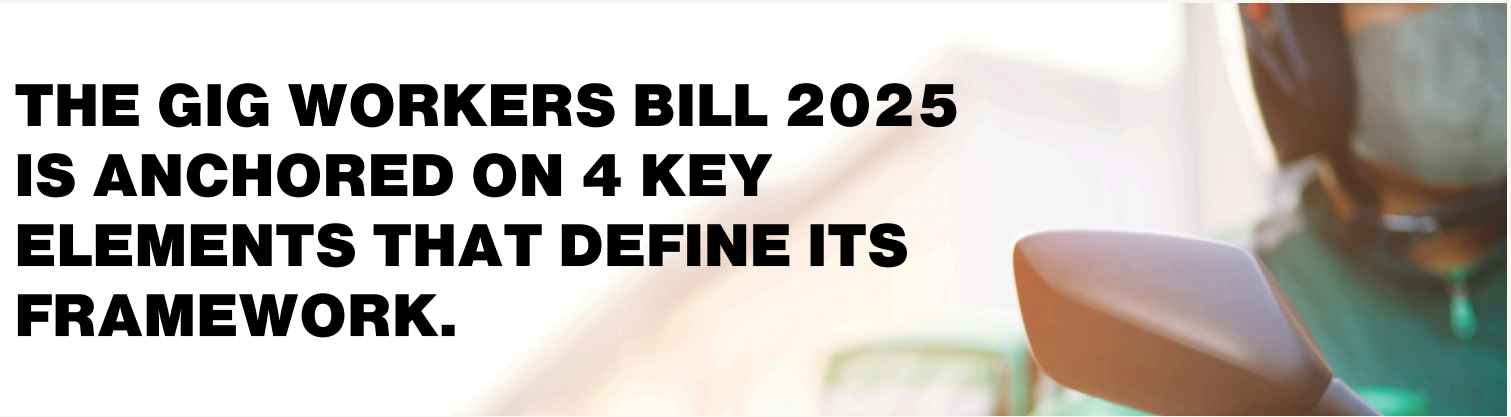


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KEY INFORMATION THAT EMPLOYERS NEED TO KNOW ON THE GIG WORKERS BILL 2025.

On 28th August 2025, Dewan Rakyat passed the Gig Workers Bill 2025 impacting the lives of millions of gig workers in Malaysia. It represents a paradigm shift in Malaysia's labour landscape, extending protection to gig workers who have long operated without legal recourse. The Gig Workers Bill seeks to build a fairer, more transparent and more sustainable gig economy balancing the interests of businesses, platforms and the workers who drive them.





THE GIG WORKERS BILL 2025 IS ANCHORED ON 4 KEY ELEMENTS THAT DEFINE ITS FRAMEWORK.

1. Legal recognition and definition of gig workers.

For the first time, gig workers are formally recognised as a distinct category within the labour force, separate from traditional employees and independent contractors. The Bill mandates that all engagements be governed by a written service agreement, providing both gig workers and contracting entities clarity on their respective rights and obligations.

2. Prevention of unfair practices by ensuring minimum standards

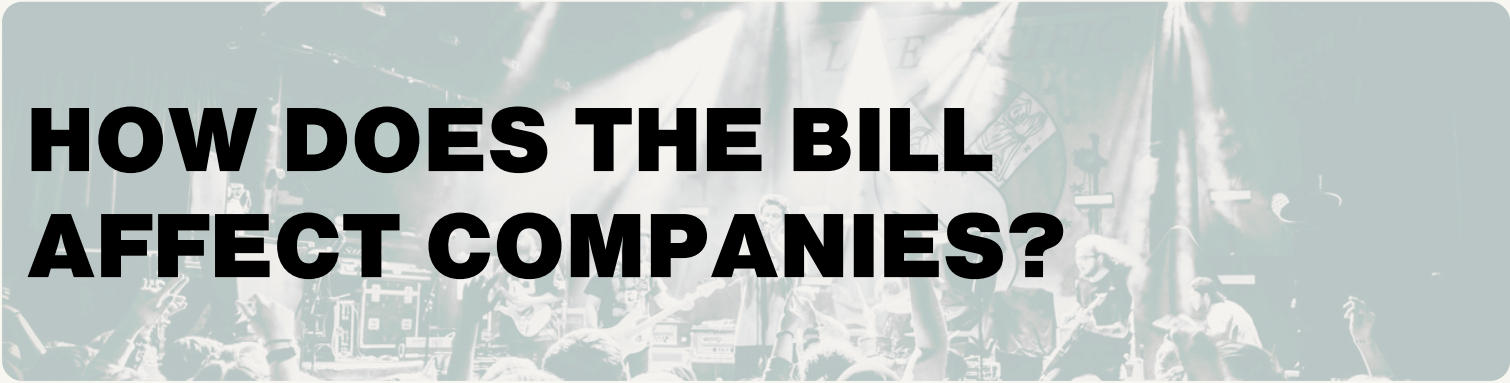
Addressing the plight of gig workers facing unfair practices, the Bill requires that all service agreements clearly outline essential terms such as payment rates, working arrangements, benefits, and termination procedures. It expressly prohibits practices such as unilateral rate changes, arbitrary account deactivation, and restrictions on working across multiple platforms, thereby providing stronger safeguard for gig workers against exploitation.

3. Dispute Resolution and Tribunal System

The Bill further establishes a Gig Workers Tribunal with powers to hear complaints and order remedies such as compensation, reinstatement, or payment of outstanding earnings. Disputes must first go through the contracting entity's internal grievance process, followed by mediation if necessary, and may then be escalated to the Tribunal for a binding decision.

4. Social Protection and Occupational Safety

Ensuring social protection for gig workers, the Bill brings them under the Self-Employment Social Security Act 2017, with mandatory SOCSO contributions deducted from their earnings. Contracting entities are also required to ensure occupational safety and health, including conducting risk assessments, providing adequate training and equipment, and reporting any work-related accidents or illnesses to the authorities.



HOW DOES THE BILL AFFECT COMPANIES?

For companies, the Bill introduces new compliance obligations: ensuring contracts meet statutory standards, registering workers for SOCSO, setting up internal grievance procedures, and adhering to fair business practices. At the same time, it creates a Tripartite Consultative Council where workers, companies, and the government can negotiate industry-wide standards on pay, commission rates, and algorithm use.

The Gig Workers Bill 2025 marks a turning point in Malaysia's labour landscape by striking a balance between flexibility for businesses and protections for gig workers. While it introduces new compliance responsibilities for companies, it also promotes a more transparent and sustainable gig economy. Employers should take proactive steps to align their practices with the Bill, ensuring smooth adaptation and fostering trust with the growing gig workforce.

For further assistance or advisory support, please contact our consultants for more information. We have also enclosed some frequently asked questions (FAQs) for your reference.



FREQUENTLY ASKED QUESTIONS

1. Are gig workers considered as employees?

No. A gig worker is defined as a Malaysian citizen or permanent resident who enters into a service agreement with a contracting entity and earns income from providing services. They are a distinct category of workers that is separate from employees and independent contractors. They do not fall under the purview of the Employment Act or Labour Ordinances.

2. What are some examples of a gig worker?

Some examples of gig workers are e-hailing drivers and freelancers in various industries. They may work with platform providers (e.g., Grab, Foodpanda) or non-platform providers (e.g., freelance photography, translation, journalism, music, care services, beauty, and media).

3. What is a contracting entity and a platform provider?

A contracting entity refers to any company, organisation, or individual that engages a gig worker to perform services. A platform provider, on the other hand, is a digital intermediary system that connects gig workers with customers.

4. What is the difference between gig workers and contract for service?

A contract for service is a contractual arrangement between a principal and an independent contractor, where the contractor undertakes to carry out the whole or part of the work related to the principal's trade or business. This relationship is typically direct between the company and the contractor, and the contractor retains control over how the work is performed, subject only to the agreed deliverables.

Gig workers, on the other hand, are individuals who earn income by performing short-term, on-demand tasks or services, usually facilitated through digital or platform providers. The engagement is often task-based and flexible, with workers deciding when and how often they provide services, while the platform mediates the transaction between the customer and the worker.



FREQUENTLY ASKED QUESTIONS

5. Are companies now required to issue contracts to gig workers?

Yes. Written service agreements are mandatory. Each agreement must clearly state:

- Parties involved
- Duration of engagement
- Services to be provided
- Obligations of both parties
- Payment terms and method
- Benefits, tips, or rewards

6. Is there a minimum wage for gig workers?

The Bill does not impose a statutory minimum wage. Instead, it establishes a Tripartite Consultative Council comprising representatives from the government, gig workers, and contracting entities. This council will be responsible for negotiating pay structures, commission rates, and addressing algorithm-related concerns within the industry. Gig workers are provided with a formal platform to negotiate rates on an equal footing with companies.

7. Do companies have to register gig workers with SOCSO and deduct statutory deductions?

Gig workers are now covered under the Self-Employment Social Security Act 2017 (Act 789). Under the Bill, gig workers have the right to social security contributions deducted by the contracting entity and access to their contribution records through platform providers' digital systems. Platform providers must register gig workers under the scheme, make contributions on their behalf, ensure mandatory deductions, and provide options for workers to adjust or top up their contributions if needed.

FREQUENTLY ASKED QUESTIONS

8. If a gig worker has a grievance, what is the correct department for them to lodge their grievances?

A gig worker must first raise any grievance internally with the platform provider to allow the matter to be resolved directly. If the grievance remains unresolved, the next step is mediation between the gig worker and the platform provider (or contracting entity), conducted by the Director General of Industrial Relations or an appointed officer. Should the mediation fail, the grievance may then be escalated to the Gig Workers Tribunal, established under the Bill, which has the authority to hear complaints, order compensation or reinstatement, and enforce the payment of any outstanding earnings.

In contrast, the Labour Department's scope is limited to hearing complaints from employees or monetary claims arising from an employment contract, while the Industrial Relations Department deals with cases of unfair dismissal within an employment relationship. Although the Industrial Relations Department will play a role in facilitating mediation for gig workers, the final authority to adjudicate grievances rests with the Gig Workers Tribunal.

9. Is there a penalty for non-compliance with the provisions of the Gig Worker's Bill 2025?

Yes. Under the Gig Workers Bill 2025, any person who contravenes any provision of the Bill, or any summons, order or direction issued under it, where no specific penalty is expressly provided, commits an offence and shall be liable on conviction to imprisonment for a term not exceeding two years, or to a fine not exceeding RM50,000, or to both.

Specifically, any person who fails to comply with an award made by the Gig Workers Tribunal within the specified period commits an offence and shall be liable to a fine not exceeding RM50,000, or to imprisonment for a term not exceeding two years, or to both. In addition, any party who fails to pay the required SOCSO contributions in accordance with the provisions of the Bill shall also be liable, upon conviction, to imprisonment for a term not exceeding two years, or to a fine not exceeding RM10,000, or to both.



FREQUENTLY ASKED QUESTIONS

10. What should companies do now?

While waiting for the Bill to be passed by Dewan Negara and to come into force, companies engaging gig workers should look into reviewing and updating the service agreements with gig workers, establishing an internal dispute resolution mechanism for gig workers and preparing to register gig workers with SOCSO.