

Mandatory EPF Contributions for Non-Malaysian Employees to Take Effect in October 2025.

The Employees Provident Fund (EPF) announced via a statement dated 25 June 2025 that effective October 2025 (for the contribution month of November 2025), mandatory EPF contributions will be extended to non-Malaysian citizen employees working in Malaysia.

This landmark move follows the Budget 2025 announcement and aligns with the Government's ongoing efforts to expand social protection coverage to all workers, regardless of nationality. Until now, EPF contributions for foreign employees have been voluntary. The new policy marks a progressive step towards greater fairness and equity in the labour market.

Key points to take note:

1. This mandatory EPF contribution applies to all Non-Malaysian citizen employees holding valid passports and employment passes issued by the Immigration Department of Malaysia.
2. Domestic servants are excluded from this expanded mandatory contribution coverage.
3. Contribution rate: 2% from employer and 2% from employee.
4. Employers are required to register with EPF and ensure readiness ahead of the implementation date.
5. A dedicated page on the EPF website will be launched soon to provide implementation guidelines, FAQ's and updates.

What should employers do?

1. Register their companies with EPF at www.kwsp.gov.my or at any EPF office nationwide.
2. Identify non-Malaysian citizen employees who fall under the scope of this new contribution requirement.

3. Educate your Non-Malaysian citizen employees on the mandatory EPF contributions, deduction rates and their entitlements.
4. Prepare for EPF member registration for your non-Malaysian citizen employees - ensure necessary documents are in order.
5. Budget for the additional payroll costs effective October 2025 and update your financial projections accordingly.
6. Update your payroll systems or inform your payroll service provider to accommodate the new deduction and reporting requirements.

This is a significant shift in statutory compliance for employers of foreign talent. Early preparation will help minimise disruption and ensure alignment with national policy objectives.

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

Does this apply to expatriate employees as well?

Yes, it applies to all non-Malaysian citizen employees who are in employment from October 2025 regardless of levels of employment. The only exception from mandatory contribution applies to employers who hire domestic workers.

Are employers required to register all non-Malaysian citizen employees with EPF?

Yes, registration is required and it can be done online by using your (employer's) existing EPF account. EPF also accepts in-person registration at their offices.

When would the first contribution be made?

As mentioned above, the mandatory contribution takes effect from the payroll of October 2025. This means the first contribution must be made latest by 15 November 2025.

How should we treat the definition of 'wages'?

The definition of wages will be the same for both citizens and non-citizen employees. The difference is only with the quantum of contribution, which in this case is 2% for both the employer and employee.

How will this affect non-Malaysian citizen employees who have opted to contribute voluntarily before this implementation?

Employees can choose to continue the previous contribution without having to re-register. If employees prefer to amend their contribution rates (as per the newly announced rates) they are required to fill up the Cancellation to Contribution About the Statutory Rate (Employee Share) Form with EPF.

Currently, we are contributing the 'existing' rates for our expats. Can we adjust their contribution to the new rates effective October 2025?

We recommend for you to engage with the employee. Since they've been enjoying the higher contribution rate to their EPF account, it can be deemed as a contractual term. Any unilateral variation might give rise to a dispute. Best practice would suggest for you to phase this 'higher' contribution out with consent.

Can non-Malaysian citizen employees opt out and choose not to contribute?

No, this is now a mandatory requirement (from October 2025 onwards).

Will there be a difference in contribution rates for non-Malaysian citizen employees who have attained the age of 60 years?

While there is a difference (reduced contribution rate) for Malaysian citizen employees, the same does not apply to non-Malaysian citizen employees. The 2% contribution from each party applies even if the employee has attained the age of 60 years or more.

When can employers stop contributions for non-Malaysian citizen employees?

Contributions can be stopped under the following circumstances:

- When the non-Malaysian citizen employee attains the age of 75 years (even if he / she continues to work)
- Two (2) months prior to the expiration of the non-Malaysian citizen's employment pass.

Are non-Malaysian citizen employees allowed to withdraw the monies from their EPF account, if so, when?

Non-Malaysian citizen employees are permitted to withdraw monies under the following circumstances:

Full withdrawal

- When they leave the country
- Withdrawals upon attaining the age of 55 & 60 years
- Incapacitation and death, subject to terms and conditions

Partial withdrawal - only available from April 2026 onwards

- Housing, health and education withdrawal
- Age 50 withdrawal
- >RM1million in the EPF account
- Withdrawal from flexible account

My company engages foreign workers through an agency. How will I be affected by this?

If you are not employing the non-Malaysian citizen employees directly under your Company, you are not required to register them - instead, the agency who have contracted them are obligated to register and make the necessary monthly contributions. In this case, we recommend for you to have discussions with the agency and anticipate the increase in cost based on their requirement to contribute.

Note:

Source: KWSP (www.kwsp.gov.my)