

In brief:

On 9 October 2026, the Malaysian Government unveiled Budget 2027, setting out a broad range of proposed measures for individuals and businesses. Among these were several employment and workforce measures. This alert summarises the key employment, workforce and immigration measures proposed under Budget 2027, which are subject to the enactment of the relevant legislation.

Employment

Minimum Wage



- From June 2027, the minimum wage will increase from **RM1,700** to **RM2,000** per month¹.
- Micro, small and medium enterprises (“**MSMEs**”) with annual sales below **RM50 million** are exempted from the minimum wage increase.
- A minimum monthly wage of **RM2,500** for semi-skilled workers and graduates will be introduced under the Workers' Income Framework. The Ministry of Human Resources has announced that details on the implementation will be provided soon.

Immigration Changes



- 1. Right to Work for Dependant Pass Holders**
 - From 1 January 2027, spouses of Category I Employment Pass holders will be able to work in Malaysia if they hold a Dependant Pass and meet certain prescribed conditions².
- 2. Extension of Stay for DE Rantau Nomad Pass**
 - Existing DE Rantau Nomad Pass holders who reach the 2-year limit will be allowed to continue staying and working remotely in Malaysia, subject to prescribed eligibility criteria³.
- 3. Employment Pass Applications for MyABE Listed Companies**
 - The Malaysian ASEAN Business Entity (MyABE) status has been introduced to support the expansion of Malaysian companies across ASEAN.
 - Facilitation of the initial Employment Pass application process for MyABE listed companies has a target turnaround of **5 working days**.

PTPTN Loan Repayments



- A tax deduction will be provided to employers who make National Higher Education Fund Corporation (PTPTN) loan repayments on behalf of their full-time employees. This incentive covers repayments made from 1 January 2027 to 31 December 2028.
- Conditions:
 - Employers cannot require any payment from their employees for the PTPTN loan repayments made by them.
 - The employee must not be the owner of the business or have family ties with the employer.

¹ Commitment by Government-Linked Investment Companies (GLICs) and Government-Linked Companies (GLCs) to raise the monthly living wage benchmark from RM3,100 to RM3,400.

² There has been no further announcement on the prescribed conditions as at the date of publication.

³ There has been no further announcement on the prescribed eligibility criteria as at the date of publication.

Employment

Bakat Madani Employment



- 30,000 new jobs targeted under Bakat Madani, a Malaysian Government talent development initiative, to equip Malaysians with industry-relevant skills and provide them with quality training and employment opportunities. Private sector participation targeted in 2027.
- A tax deduction will be provided to companies providing Bakat Madani training programmes.
- This covers the period from 29 June 2026 to 31 December 2030.

Protection of Gig Workers



- The Malaysian Government and Grab Holdings Limited have agreed to jointly fund a RM160 million package from 2027, pending the finalisation of the minimum income rate and minimum social protection standards for gig workers (expected in early 2027). This package includes an increase in the minimum income rate for e-hailing and p-hailing workers and SOCSO contributions for these workers⁴.

Additional measures under EPF and SOCSO



- Every Malaysian citizen will be automatically registered as an Employees Provident Fund (EPF) member upon reaching the age of 18.
- Matching incentives by the Malaysian Government for e-hailing and p-hailing workers:
 - EPF contribution matching of up to **RM600** per year will be introduced in YA 2027, subject to a lifetime limit of **RM6,000**.
 - SOCSO contributions matching incentive of **35%**. The incentive will increase to 50% if platform companies also contribute towards the workers' contributions.
- SOCSO contributions matching incentive of **70%** will be introduced for self-employed individuals across 17 non-mandatory sectors⁵.

These key employment highlights are extracted from the Budget 2027 Text and Appendices which were released on 9 October 2026 and have yet to be passed into law at the time of publication. For the purposes of this publication, we have not addressed proposals relating to civil servants.



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⁴ E-hailing generally refers to ride-hailing services where passengers book a vehicle through an electronic application; p-hailing generally refers to parcel or food delivery services where drivers deliver goods or food orders placed through an electronic application.

⁵ The 20 informal sectors are set out in the First Schedule of the Self-Employment Social Security Act 2017, with passenger transportation, carriage and delivery of goods or food, and hawking or trading being mandatory sectors as at the date of publication.