

MEF regrets Putrajaya's flip-flop on foreign workers levy

By **Melissa Darlyne Chow** - September 27, 2018 7:40 AM



Employers will now have to pay the full amount of the levy for their foreign workers.

PETALING JAYA: The Malaysian Employers Federation (MEF) has expressed regret over Putrajaya's U-turn on the foreign workers' levy, which must now be fully paid by employers.

Finance Minister Lim Guan Eng initially said that the foreign workers had to bear 80% of the annual RM10,000 levy, while the employers had to bear the remaining 20%.

However, the government later reversed the decision following a report in the Sin Chew Daily which quoted employers as saying that foreign workers would not be able to pay 80% of the levy.

MEF executive director Shamsuddin Bardan said the back-peddling was telling as there was no discussion prior to the announcement.



Shamsuddin Bardan.

“We were only aware of the policy when it was announced, and that is not good. It is very important for the government to discuss the policy with us before making any announcement.

“The government needs to have a better degree of confidence, otherwise in the future we may end up waiting and seeing if there will be another change (in policy),” he told FMT.

Shamsuddin claimed that when Lim announced the 80:20 ratio, he already knew the policy could not be implemented.

“It is not feasible. When you say the foreign workers have to pay 80% of the levy, they would need to pay slightly more than RM600 a month.

“This would not make it attractive enough for them to stay on,” he said, adding that the levy payment would eat into the workers’ wages.

Shamsuddin also said the new levy of RM10,000 was high compared with the previous rate of RM1,850, adding that the increase had caught employers by surprise.

A high levy, he said, would also send the message that the country was not interested in such skilled labour, and the workers would end up being sent home and going elsewhere.

“The quantum is just too high. With employers now having to bear the full levy, it will be very challenging for them. They may end up having to let go of their skilled employees, and trying to get new foreign workers and then retraining them.

“The whole process will start and repeat itself. At the end of the day, Malaysia may end up being just a training ground for foreign workers who are then pinched by other countries,” he said.

Shamsuddin said there would be an industry meeting this Friday, involving 20 associations covering different sectors of the economy which would discuss the levy issue.

“We expect to get a consensus on this. After that, we will make a representation to Putrajaya.

“The foreign workers’ levy will be the main agenda. We need to move forward on this. As a matter of fact, in my opinion, we need a longer term policy on this,” he said.