

Employers: Levy will be a strain on companies

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PETALING JAYA: Requiring employers to pay the levy for their foreign workers beginning Jan 1 will add RM3bil to RM4bil in extra operating costs per year, said bosses.

Malaysian Employers Federation executive director Datuk Shamsuddin Bardan said the money could be used by bosses as working capital during hard times.

“This may have a far-reaching impact on companies,” he said in an interview.

Higher minimum wage, better accommodation and yearly medical check-ups for foreign workers, said Shamsuddin, were among the government policies that had added extra costs on businesses.

“We appeal to the Government to review the decision for the levy so that we can have a breather,” he said.

On March 25 last year, the Cabinet had given the green light for the levy to be fully borne by bosses under the Employer Mandatory Commitment to be effective on Jan 1, 2017.

This means that employers will no longer be able to deduct the levy from the wages of their foreign workers in a move to ensure that bosses are fully responsible for them.

However, the Government postponed the implementation to this coming January after taking into account feedback from employers’ organisations.

In a statement on Wednesday, the Human Resources Ministry said the levy system had been fine-tuned as part of the Government’s initiative under the 11th Malaysia Plan to regulate the influx of low-skilled foreign workers and cap their employment at 15% by 2020.

The levy ranges from RM410 to RM1,850 depending on the sector. The rate also differs between East and West Malaysia.

Shamsuddin said foreign workers were expected to send home the money saved from not having to pay their own levy, bringing the total remittance to RM38bil from RM34bil currently.

“Malaysia will not benefit from this,” he said.

SME Association of Malaysia president Datuk Michael Kang said businesses would pass on the costs to consumers.

“We are disappointed with the announcement. We want a holistic solution to the management of foreign workers and we had even hoped for an easier way for small and medium enterprises to employ them,” he said.

The association, he added, would continue to appeal and engage the ministries involved.

Associated Chinese Chambers of Commerce and Industry of Malaysia secretary-general Datuk Low Kian Chuan complained that industry players were not kept in the loop before policy changes were introduced.

He said while the industry understood the need to reduce reliance on foreign workers and embark on transformation, it would like to see the levy used for its benefit.

Top Glove executive chairman Tan Sri Lim Wee Chai said: “We have no choice but to follow the Government’s direction and pay the levy.”