

MEF SUPPORTS THE DECISION OF YAB PRIME MINISTER DATO' SERI ANWAR SETTING EMPLOYERS' EPF CONTRIBUTIONS AT 2%

PETALING JAYA: MEF supports the decision by YAB Prime Minister Dato' Seri Anwar Ibrahim to set employers' EPF contributions at 2%.

MEF President, Datuk Dr Syed Hussain Syed Husman, PJN, JP, states that “MEF is supportive of the decision on EPF employers' contribution at 2% even though MEF is fully aware that it will have impact on cost of operations. However this is the best option available for now. It is better than the statutory employers' contributions at 12% or/ 13% depending on the salary level of foreign workers. Future increases in EPF contributions may be done after various studies are made and after consultation with the stakeholders”.

The announcement by the YAB Prime Minister, Dato' Seri Anwar Ibrahim to set the Employers' contribution rate at 2%, as opposed to the mandatory statutory rate of 12% or/13% depending on the employee's salary will greatly reduce the EPF employer potential costs by at least 10% of the possible potential costs.

“Setting the employers' EPF contributions at 2% provides great financial relief for businesses, particularly the MSMEs that are still struggling with cash flow issues due to economic challenges. Setting EPF employers' contribution at 2% will assist businesses retain talents and avoid downsizing. However, it should be noted that the 2% employers' EPF contribution rate is made address immediate current economic challenges. Considering that the government had increased the minimum wage from RM1,500 to RM1,700 per month, it is challenging for many employers who hired foreign workers to bear the RM200 wage increase, while also paying the EPF contributions for them including expatriates. The decision to set the employer EPF contributions for non-citizen



employees to 2% provides immediate relief to businesses and supports economic recovery”.

Datuk Dr Syed Hussain stressed that “The success of implementation of 2% Employer EPF contributions depends on its implemented and whether it is accompanied by other measures to mitigate its potential negative effects on employers, non-citizen employees and the government”.

For further information, please contact the MEF Secretariat at 03-7498 7200 or email mef-hq@mef.org.my.

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