

PM: Foreign workers' EPF set at 2%

'Cabinet reduced contribution rate after industry feedback'

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PETALING JAYA: The mandatory Employees Provident Fund (EPF) contribution for foreign workers will be capped at 2%, says Datuk Seri Anwar Ibrahim.

The Prime Minister said the initial Cabinet proposal was 12%, but it was capped at 2% following proposals from commerce chambers.

"When things are better, maybe we will increase it to 4%, but for now, we keep it at 2%," he said at the Associated Chinese Chambers of Commerce and Industry of Malaysia's (ACCCIM) Chinese New Year reception here yesterday.

Anwar said there was some confusion about the EPF rate, adding that the contribution is not cumulative.

The Cabinet will discuss the mandatory EPF contribution for foreign workers in its meeting this week, with the Human Resources Ministry expected to make an official announcement.

Meanwhile, ACCCIM president

Datuk Ng Yih Pyng said the earlier proposed rate of 12% had caused concerns among businesses.

"But now that the Prime Minister has clarified it will be 2%, businesses can at least be mentally prepared," he said when asked about the decision to cap the EPF rate for foreign workers at 2%.

Nonetheless, he said that they would wait for further details from the Human Resources Ministry to understand the full impact on businesses.

Earlier, in his speech, Ng urged the government to reconsider the proposed EPF contributions for foreign workers and to exempt employers from this requirement.

He said it could cause an additional financial burden on employers already grappling with rising costs in the current challenging business environment.



During the presentation of Budget 2025 last year, Anwar said the government planned to make it mandatory for all non-citizen workers to contribute to the EPF, with implementation to be carried out in phases.

This sparked opposition from businesses, who believe the gov-

ernment should not require foreign workers to contribute to the EPF.

Meanwhile, Human Resources Minister Steven Sim said the government will maintain the proposed EPF mandatory contribution rate for foreign workers at 2% for employees and employers.

He stated that the rate will remain unchanged until future studies, which look into the suitability of the situation then, take place.

He said further information on the implementation of the contributions would be detailed in the Cabinet meeting before a Bill to